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INTRODUCTION

The *Illinois Register* is the official state document for publishing public notice of rulemaking activity initiated by State governmental agencies. The table of contents is arranged categorically by rulemaking activity and alphabetically by agency within each category. The Register also contains a Cumulative Index listing alphabetically by agency the Parts (sets of rules) on which rulemaking activity has occurred in the current Register volume year and a Sections Affected Index listing by Title each Section (including supplementary material) of a Part on which rulemaking activity has occurred in the current volume year. Both indices are action coded and are designed to aid the public in monitoring rules.

Rulemaking activity consists of proposed or adopted new rules; amendments to or repealers of existing rules; and rules promulgated by emergency or peremptory action. Executive Orders and Proclamations issued by the Governor; notices of public information required by State statute; and activities (meeting agendas, Statements of Objection or Recommendation, etc.) of the Joint Committee on Administrative Rules (JCAR), a legislative oversight committee which monitors the rulemaking activities of State agencies; is also published in the Register.

The Register is a weekly update to the *Illinois Administrative Code* (a compilation of the rules adopted by State agencies). The most recent edition of the Code along with the Register comprise the most current accounting of State agencies' rules.

The Illinois Register is the property of the State of Illinois, granted by the authority of the Illinois Administrative Procedure Act [5 ILCS 100/1-1 et seq.].

REGISTER PUBLICATION SCHEDULE 1997

| Material Rec'd after Noon on: | And before Noon on: | Will be in Issue #: | Published on: | Material Rec'd after Noon on: | And before Noon on: | Will be in Issue #: | Published on: |
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| Mar. 11, 1997 | Mar. 18, 1997 | 12 | Mar. 21, 1997 | Sept. 16, 1997 | Sept. 23, 1997 | 39 | Sept. 26, 1997 |
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| Mar. 25, 1997 | Apr. 1, 1997 | 14 | Apr. 4, 1997 | Sept. 30, 1997 | Oct. 7, 1997 | 41 | Oct. 10, 1997 |
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| June 24, 1997 | July 01, 1997 | 27 | July 7, 1997* | Dec. 30, 1997 | Jan. 6, 1998 | 2 | Jan. 9, 1998 |

Please note: When the Register deadline falls on a State holiday, the deadline becomes 4:30 p.m. on Monday (the day before).

* Monday

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

1) Heading of the Part: Telephone Assistance Programs2) Code Citation: 83 Ill. Adm. Code 7573) Section Numbers:

757.10
757.100
757.105
757.110
757.115
757.120
757.125
757.130
757.200
757.205
757.210
757.215
757.220
757.225
757.235
757.240
757.245
757.400
757.405
757.410
757.415
757.420
757.425
757.430
757.Exhibit A
757.Exhibit B
757.Exhibit C
757.Exhibit D
757.Exhibit E

Proposed Action:

Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Amendment
Repealed
Amendment
Repealed
Amendment
New Section
New Section
New Section
New Section
New Section
New Section
Amendment
Amendment
Amendment
Amendment

4) Statutory Authority: Implementing Sections 13-301 and 13-301.1 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/13-301, 13-301.1 and 10-101].5) A Complete Description of the Subjects and Issues Involved:

The Federal Communications Commission (FCC) issued its *Report and Order* (FCC 97-157) in CC Docket 96-45, *Federal-State Joint Board on Universal Service* (hereafter "Universal Service Order"). In the Universal Service Order, the FCC adopted rules on support for telecommunications services provided to low income customers (47 CFR 54.400 et seq.). As of January 1, 1998, these rules will modify two federal support programs, "Link Up" and "Lifeline."

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

Section 54.201(a) (47 CFR 54.201(a)) of the FCC rules states that, starting on January 1, 1998, only carriers designated as "eligible telecommunications carriers" (ETCs) will be eligible to receive federal universal service support for providing service to rural healthcare, low income consumers, and consumers located in high cost, rural or insular areas. Among the requirements mandated by the FCC for ETCs is the requirement to provide Lifeline and Link Up service to qualifying low income consumers.

Sections 54.400 - 54.409 of the FCC rules set out the Lifeline Program, which provides monthly support for services. The federal baseline Lifeline support amount shall equal \$3.50 per qualifying low-income consumer. The Commission, acting on the FCC rules, approves an additional reduction of \$1.75 in the amount paid by consumers. This will allow an additional federal Lifeline support of \$1.75 to be made available to the carrier providing Lifeline service to that consumer. Qualification criteria are detailed in the amendments to Part 757. Lifeline is a new program for Illinois consumers.

Sections 54.411 - 54.417 of the FCC rules define the Link Up Program. The Link Up Program will reduce the recipient's installation charge by 50% or up to \$30, with a deferred payment schedule for the remainder of the charges for which the consumer does not pay interest. Interest charges shall not be assessed to the consumer for connection charges up to \$200 and may be deferred for a period not to exceed one year. Link Up recipients must participate in the same federal programs as Lifeline recipients. Illinois has offered Link Up (formerly known as Lifeline) to Illinois consumers since 1994; however, the qualifying programs were different.

ETCs will receive universal support for providing Lifeline and Link Up under administrative procedures determined by an FCC-appointed Administrator.

In addition to the federally mandated Lifeline and Link Up, the Universal Telephone Service Assistance Program (UTSAP) established as a State program in Part 757 will continue to offer an additional \$10 in supplemental assistance in the form of Lifeline support from voluntary contributions received from Illinois ratepayers. The supplemental assistance will be offered to qualified low-income consumers by ETCs and local exchange carriers. These recipients must qualify for the same programs as Lifeline and Link Up recipients.

In addition to offering these programs, ETCs and LECs will also be responsible for soliciting, collecting, and remitting voluntary contributions to fund UTSAP.

6) Will these proposed amendments replace emergency amendments currently in

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

- effect? Yes
- 7) Does this rulemaking contain an automatic repeal date? No
- 8) Do these proposed amendments contain incorporations by reference? Yes
- 9) Are there any other proposed amendments pending on this Part? No
- 10) Statement of Statewide Policy Objectives: These proposed amendments neither create nor expand any State mandate on units of local government, school districts, or community college districts.
- 11) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Comments should be filed with:
- Donna M. Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
P.O. Box 19280
Springfield, IL 62794-9280
217-782-7434
- Comments should be filed with the Chief Clerk within 45 days after the date of this issue of the *Illinois Register*.

12) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities and not for profit corporations affected: These proposed amendments will affect those local exchange carriers and eligible telecommunications carriers that are also small businesses as defined in the Illinois Administrative Procedure Act. These proposed amendments will not affect any small municipalities or not for profit corporations.

B) Reporting, bookkeeping or other procedures required for compliance: Bookkeeping and reporting procedures.

C) Types of professional skills necessary for compliance: Managerial skills.

- 13) Regulatory Agenda on which this rulemaking was summarized: These amendments were not included on either of the 2 most recent agendas because: The Commission did not anticipate the need for these amendments.

The full text of the Proposed Rules is identical to the text of Emergency Rules for this Part appearing on page of this issue of the *Illinois Register*.

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

- 1) Heading of the Part: Uniform System of Accounts for Water Utilities
- 2) Code Citation: 83 Ill. Adm. Code 605
- 3) Section Numbers: Proposed Action:
605.10 Amendment
605.100 Amendment
605.115 Amendment
605.120 Amendment
605.138 New Section
605.140 Amendment
605.165 Amendment
605.170 Amendment
605.175 Amendment
605.180 Amendment
605.185 Amendment
605.1030 Amendment
605.1080 Repeal
605.1081 Amendment
605.2720 Amendment
605.Table A Amendment
605.Table B Amendment
- 4) Statutory Authority: Implementing Section 5-102 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/102 and 10-101].
- 5) A Complete Description of the Subjects and Issues Involved: Part 605 incorporates by reference the Uniform System of Accounts (USOA) for Class A Water Utilities of the National Association of Regulatory Utility Commissioners (NARUC) with certain specified additions and deletions. The purpose in amending Part 605 is to adopt the 1996 NARUC USOA, which will make the Uniform System of Accounts for Water Utilities available in an electronic format, to make one additional deviation from the NARUC USOA, and to make housekeeping changes.
- 6) Will these proposed amendments replace emergency amendments currently in effect? No
- 7) Does this rulemaking contain an automatic repeal date? No
- 8) Do these proposed amendments or contain incorporations by reference? Yes
- 9) Are there any other proposed amendments pending on this Part? No
- 10) Statement of Statewide Policy Objectives: These amendments neither create nor expand any State mandate on units of local government, school districts, or community college districts.

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

- 11) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Comments should be filed with:

Donna M. Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
P.O. Box 19280
Springfield, IL 62794-9280
(217)782-7434

Comments should be filed with the Chief Clerk within 45 days after the date of this issue of the *Illinois Register*.

- 12) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities and not for profit corporations affected: This rulemaking will affect those water utilities that are also small businesses as defined in the Illinois Administrative Procedure Act. This rulemaking will not affect any small municipalities or not for profit corporations.

B) Reporting, bookkeeping or other procedures required for compliance:
Bookkeeping

C) Types of professional skills necessary for compliance: Accounting skills

- 13) Regulatory Agenda on which this rulemaking was summarized: These amendments were not included on either of the two most recent agendas because: The Commission did not foresee the need for this.

The full text of the Proposed Amendments appears on the next page:

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

TITLE 83: PUBLIC UTILITIES
CHAPTER I: ILLINOIS COMMERCE COMMISSION
SUBCHAPTER e: WATER UTILITIES

PART 605

UNIFORM SYSTEM OF ACCOUNTS FOR WATER UTILITIES

SUBPART A: ADOPTION OF UNIFORM SYSTEM OF ACCOUNTS
BY REFERENCE

Section
605.10

Adoption of Uniform System of Accounts by Reference

SUBPART B: ADDITIONS TO AND DELETIONS FROM NARUC UNIFORM
SYSTEM OF ACCOUNTS

Section
605.100 Accounting Instruction 1
605.105 Accounting Instruction 2
605.110 Accounting Instruction 13
605.115 Accounting Instruction 18
605.120 Accounting Instruction 19
605.125 Accounting Instruction 21
605.130 Accounting Instruction 22
605.135 Accounting Instruction 29
605.138 Accounting Instruction 26
605.140 Accounting Instruction 30
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605.150 Accounting Instruction 33
605.155 Accounting Instruction 34
605.160 Accounting Instruction - Example
605.165 Accounting Instruction 37
605.170 Accounting Instruction 40 ~~38~~
605.175 Accounting Instruction 39
605.180 Plant Account Matrix
605.185 Expense Accounts Matrix
605.200 Retirement Units Generally
605.204 General Instructions with Respect to Structures and Equipment
605.205 Retirement Unit Instructions
605.206 List of General Retirement Units
605.210 Variances
605.301 Retirement Unit Account 301 Organization
605.302 Retirement Unit Account 302 Franchises
605.303 Retirement Unit Account 303 Land and Land Rights
605.304 Retirement Unit Account 304 Structures and Improvements
605.305 Retirement Unit Account 305 Collecting and Impounding Reservoirs
605.306 Retirement Unit Account 306 Lake, River and Other Intakes
605.307 Retirement Unit Account 307 Wells and Springs
605.308 Retirement Unit Account 308 Infiltration Galleries and Tunnels
605.309 Retirement Unit Account 309 Supply Mains

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- 605.310 Retirement Unit Account 310 Power Production Equipment
- 605.311 Retirement Unit Account 311 Pumping Equipment
- 605.320 Retirement Unit Account 320 Water Treatment Equipment
- 605.330 Retirement Unit Account 330 Distribution Reservoirs and Standpipes
- 605.331 Retirement Unit Account 331 Transmission Mains and Distribution Mains
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- 605.341 Retirement Unit Account 341 Transportation Equipment
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- 605.2180 Account 218
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- 605.3330 Account 333
- 605.4030 Account 403
- 605.4120 Account 412
- 605.4200 Account 420
- 605.4330 Account 433
- 605.4340 Account 434
- 605.6600 Account 660
- TABLE A Prescribed Plant Account Matrix
- TABLE B Prescribed Expenses Accounts Matrix

AUTHORITY: Implementing Section 5-102 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/5-102 and 10-101].

SOURCE: Effective January 1, 1962; codified at 8 Ill. Reg. 19709; Part repealed, new part adopted at 11 Ill. Reg. 9051, effective May 1, 1987; amended at 22 Ill. Reg. _____, effective _____.

SUBPART A: ADOPTION OF UNIFORM SYSTEM OF ACCOUNTS

Section 605.10 Adoption of Uniform System of Accounts by Reference

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

The Illinois Commerce Commission ("Commission") adopts the Uniform System of Accounts for Class A Water Utilities (1996) (1994) of the National Association of Regulatory Utility Commissioners ("NARUC") as its uniform system of accounts for water utilities, subject to the exceptions set forth in Subpart B of this Part. No incorporation in this Part incorporates any later amendment or edition.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART B: ADDITIONS TO AND DELETIONS FROM NARUC UNIFORM SYSTEM OF ACCOUNTS

Section 605.100 Accounting Instruction 1

Accounting Instruction 1, "General - Classification of Utilities," is deleted and replaced by the following:

"A. For the purpose of applying the system of accounts prescribed by the Commission, water utilities are divided into two classes, as follows:

- Class A - Utilities having annual water operating revenues of \$1,000,000 or more.
- Class B - Utilities having annual water operating revenues of less than \$1,000,000.

B. This system of accounts applies to Class A utilities. Class B utilities shall keep all the accounts of this system of accounts applicable to their affairs. Class B utilities may, however, keep accounts for operating revenues and operating expenses under the accounts of the condensed classifications provided by this Part. (See Accounting Instruction 40 98.)

C. The class to which any utility belongs shall originally be determined by the average of its annual water operating revenue for the last three consecutive years. Subsequent changes in classification shall be made when the annual water operating revenues for each of the three immediately preceding years shall exceed \$1,000,000 on a stand alone basis of the annual water and sewer operating revenues.

D. Class B utilities desiring more detailed accounting may adopt the accounts prescribed for Class A utilities. Class B utilities are not required to comply with more detailed accounts than what otherwise may be their case."

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.115 Accounting Instruction 18

a) In-paragraph A-of-Accounting-instruction-18,--"Utility--Plant--to--be Recorded--at--Cost"--the--phrase--"See--Accounting-instruction-2B--is replaced-by--"See-Definition-9."

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NOTICE OF PROPOSED AMENDMENTS

b) In paragraph D of Accounting Instruction 18, the clause "For contributed utility plant, the accumulated depreciation or amortization account shall be charged" is replaced by "For contributed utility plant, the accumulated depreciation or amortization account shall be credited."

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.120 Accounting Instruction 19

a) The Note in Item 3 of Accounting Instruction 19, Utility Plant - Components of Construction Cost, is revised to state:

"Note: The cost of individual items of equipment of small value or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction unit."

b) In Accounting Instruction 19, "Utility Plant - Components of Construction Cost," Item 17 is deleted (except for the note) and replaced with the following:

"Allowance for funds used during construction" ('AFUDC') includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed allowances computed in accordance with the formula prescribed in paragraph (a). No AFUDC charges shall be included in these accounts upon expenditures for construction projects that have been abandoned.

1) The formula and elements for the computation of AFUDC shall be:

$$A(i) = s(S/W) + d(D/P+C)(1-S/W)$$

$$A(e) = [1-S/W][p(P/D+P+C) + c(C/D+P+C)]$$

A(i) = Gross allowance for borrowed funds used during construction rate

A(e) = Allowance for other funds used during construction rate

S = Average short term debt

s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress

2) The rates shall be determined annually except that the rates may be adjusted for current year security issues which affect the weighted average of long-term debt and/or preferred stock or when

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NOTICE OF PROPOSED AMENDMENTS

the return on equity awarded a current rate case exceeds the computational return on equity. The balances for long-term debt, preferred stock, and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the Commission. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data become available."

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.138 Accounting Instruction 26

Paragraph B of Accounting Instruction 26 is modified to state as follows:

"Exclude from equipment accounts hand and other portable tools, which are likely to be lost or stolen or which have a relatively small value or short life, unless the correctness of the accounting therefor as utility plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as pumping, transmission and distribution, etc., or in "stores", shall be charged to the plant account appropriate for their use."

(Source: Added at 22 Ill. Reg. _____, effective _____)

Section 605.140 Accounting Instruction 30

In Paragraph C of Accounting Instruction 30, "Utility Plant - Common Plant," should be restated as follows: ~~delete -4301-to-3493 and replace with -4301-to-3487~~:"

"The utility shall be prepared to show at any time by utility plant accounts (301 to 348) the following: (1) the book cost of common utility plant (2) the allocation of such cost to the respective departments using the common utility plant and (3) the basis of the allocation."

(Source: Amended at 22 Ill. Reg. _____, effective _____)

ILLINOIS COMMERCE COMMISSION

NOTICE OF PROPOSED AMENDMENTS

Section 605.165 Accounting Instruction 37

a) From--Paragraph--A--of--Accounting--Instruction--37,--"Operating income--and--Maintenance--Expense--Account--Matrix,"--delete "and--B--"

b) Delete Paragraph B of Accounting Instruction 37 and replace with the following:

"B. The 'functional' operations for the water system are listed with the designated suffix:

- .1 Source of supply expenses - operating and maintenance
- .2 Pumping expenses - Operations
- .3 Pumping expenses - maintenance
- .4 Water treatment expenses - operations
- .5 Water treatment expenses - maintenance
- .6 Transmission and distribution expenses - operations
- .7 Transmission and distribution expenses - maintenance
- .8 Customer account expenses
- .9 Administrative and general expenses"

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.170 Accounting Instruction 40 38

a) Class A Utilities shall maintain the accounts listed in subsections

(a)(1) through (a)(8) of this Section.

1) Utility Operating Accounts

Account No.

| | |
|--------|--|
| 400 | Operating Revenues |
| 401 | Operating Expenses |
| 403 | Depreciation Expenses |
| 406 | Amortization of Utility Plant |
| | Acquisition Adjustments |
| 407 | Amortization Expense |
| 407.1 | Amortization of Limited Term Plant |
| 407.2 | Amortization of Property Losses |
| 407.3 | Amortization of Other Utility Plant |
| 407.4 | Amortization of Regulatory Assets |
| 407.5 | Amortization of Regulatory Liabilities |
| 408 | Taxes Other Than Income |
| 408.10 | Utility Regulatory Assessment Fees |
| 408.11 | Property Taxes |
| 408.12 | Payroll Taxes |
| 408.13 | Other Taxes and License |
| 409 | Income Taxes |
| 409.10 | Federal Income Taxes, Utility Operating Income |

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| 409.11 | State Income Taxes, Utility Operating Income |
| 409.12 | Local Income Taxes, Utility Operating Income |
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| 410.10 | Deferred Federal Income Taxes |
| 410.11 | Deferred State Income Taxes |
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| 2) | Other Income and Deductions |
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| 421 | Nonutility Income |
| 426 | Miscellaneous Nonutility Expenses |
| 3) | Taxes Applicable to Other Income and Deductions |
| 408 | Taxes Other Than Income |
| 408.20 | Taxes Other Than Income, Other Income and Deductions |
| 409 | Income Taxes |
| 409.20 | Income Taxes, Other Income and Deductions |
| 410 | Provision for Deferred Income Taxes |
| 410.20 | Provision for Deferred Income Taxes, Other Income and Deductions |
| 411 | Provision for Deferred Income Taxes - Credit |
| 411.20 | Provision for Deferred Income Taxes - Credit, Other Income and Deductions |
| 412 | Investment Tax Credits |

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- 412.20 Investment Tax Credits - Net,
Nonutility Operations
- 412.30 Investment Tax Credits Restored
to Nonoperating Income, Utility
Operations
- 4) Interest Expense
- 427 Interest Expense
- 427.1 Interest on Debt to Affiliated
Interests
- 427.2 Interest on Short-term Debt
- 427.3 Interest on Long-Term Debt
- 427.4 Interest on Customer Deposits
- 427.5 Interest - Other
- 428 Amortization of Debt Discount and
Expense
- 429 Amortization of Premium on Debt
- 5) Extraordinary Items
- 433 Extraordinary Income
- 434 Extraordinary Deduction
- 409.30 Income Taxes, Extraordinary Items
- 6) Retained Earnings Accounts
- 435 Balance Transferred From Income
- 436 Appropriations of Retained Earnings
- 437 Dividends Declared - Preferred Stock
- 438 Dividends Declared - Common Stock
- 439 Adjustments to Retained Earnings
- 7) Water Operation Revenue Accounts
- A) Water Revenue
- 460 Unmetered Water Revenue
- 461 Metered Water Revenue
- 461.1 Metered Sales to Residential
Customers
- 461.2 Metered Sales to Commercial
Customers
- 461.3 Metered Sales to Industrial
Customers
- 461.4 Metered Sales to Public
Authorities
- 461.5 Metered Sales to Multiple
Family Dwellings
- 462 Fire Protection
- 462.1 Public Fire Protection
- 462.7 Private Fire Protection
- 464 Other Sales to Public
Authorities

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- 465 Sales to Irrigation Customers
- 466 Sales for Resale
- 467 Interdepartmental Sales
- B) Other Water Revenues
- 469 Guaranteed Revenues
- 470 Forfeited Discounts
- 471 Miscellaneous Service
Revenues
- 472 Rents from Water Property
- 473 Interdepartmental Rents
- 474 Other Water Revenues
- 8) Water Operation and Maintenance Expense Accounts
- 601 Salaries and Wages - Employees
- 603 Salaries and Wages - Officers,
Directors and Majority Stockholders
- 604 Employee Pensions and Benefits
- 610 Purchased Water
- 615 Purchased Power
- 616 Fuel for Power Production
- 618 Chemicals
- 620 Materials and Supplies
- 631 Contractual Services - Engineering
- 632 Contractual Services - Accounting
- 633 Contractual Services - Legal
- 634 Contractual Services - Management
Fees
- 635 Contractual Services - Testing
- 636 Contractual Services - Other
- 641 Rental of Building/Real Property
- 642 Rental of Equipment
- 650 Transportation Expense
- 656 Insurance - Vehicle
- 657 Insurance General
- 658 Insurance - Workman's Compensation
- 659 Insurance - Other
- 660 Advertising Expense
- 666 Regulatory Commission Expenses -
Amortization of Rate Case Expense
- 668 Water Resource Conservation
Expense
- 667 Regulatory Commission Expenses -
Other
- 670 Bad Debt - Expense
- 675 Miscellaneous Expenses
- b) Class B utilities shall maintain the accounts listed in subsections
(b)(1) through (b)(8) of this Section.
- 1) Utility Operating Accounts
- Account No.

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| | |
|-------|--|
| 400 | Operating Revenues |
| 401 | Operating Expenses |
| 403 | Depreciation Expenses |
| 406 | Amortization of Utility Plant |
| | Acquisition Adjustments |
| 407 | Amortization Expense |
| 407.1 | Amortization of Limited Term Plant |
| 407.2 | Amortization of Property Losses |
| 407.3 | Amortization of Other Utility Plant |
| 407.4 | Amortization of Regulatory Assets |
| 407.5 | Amortization of Regulatory Liabilities |
| 408 | Taxes Other Than Income |
| 409 | Income Taxes |
| 410 | Provision for Deferred Income Taxes |
| 411 | Provision for Deferred Income Taxes |
| | - Credit |
| 412 | Investment Tax Credits |
| 413 | Income From Utility Plant Leased to Others |
| 414 | Gains (Losses) From Disposition of Utility Property |
| 2) | Other Income and Deductions |
| 415 | Revenues from Merchandising, Jobbing and Contract Work |
| 416 | Costs and Expenses of Merchandising, Jobbing and Contract Work |
| 419 | Interest and Divided Income |
| 420 | Allowance for Funds Used During Construction |
| 421 | Nonutility Income |
| 426 | Miscellaneous Nonutility Expenses |
| 3) | Taxes Applicable to Other Income and Deductions |
| 408 | Taxes Other Than Income |
| 409 | Income Taxes |
| 410 | Provision for Deferred Income Taxes |
| 411 | Provision for Deferred Income Taxes |
| | - Credit |
| 412 | Investment Tax Credits |
| 4) | Interest Expense |
| 427 | Interest Expense |
| 428 | Amortization of Debt Discount and Expense |
| 429 | Amortization of Premium on Debt |
| 5) | Extraordinary Items |

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| | |
|--------|--|
| 433 | Extraordinary Income |
| 434 | Extraordinary Deduction |
| 409.30 | Income Taxes, Extraordinary Items |
| 6) | Retained Earnings Accounts |
| 435 | Balance Transferred From Income |
| 436 | Appropriations of Retained Earnings |
| 437 | Dividends Declared - Preferred Stock |
| 438 | Dividends Declared - Common Stock |
| 439 | Adjustments to Retained Earnings |
| 7) | Water Operation Revenue Accounts |
| A) | Water Revenue |
| 460 | Unmetered Water Revenue |
| 461 | Metered Water Revenue |
| 462 | Fire Protection |
| 464 | Other Sales to Public Authorities |
| 465 | Sales to Irrigation Customers |
| 466 | Sales for Resale |
| 467 | Interdepartmental Sales |
| B) | Other Water Revenues |
| 469 | Guaranteed Revenues |
| 470 | Forfeited Discounts |
| 471 | Miscellaneous Service Revenues |
| 472 | Rents from Water Property |
| 473 | Interdepartmental Rents |
| 474 | Other Water Revenues |
| 8) | Water Operation and Maintenance Expense Accounts |
| 601 | Salaries and Wages |
| 604 | Employee Pensions and Benefits |
| 610 | Purchased Water |
| 615 | Purchased Power |
| 616 | Fuel for Power Production |
| 618 | Chemicals |
| 620 | Materials and Supplies |
| 631 | Contractual Services |
| 641 | Rental of Building/Real Property |
| 642 | Rental of Equipment |
| 650 | Transportation Expense |
| 656 | Insurance |
| 660 | Advertising Expense |
| 666 | Regulatory Commission Expense |
| 668 | Water Resource Conservation Expense |
| 670 | Bad Debt Expense |

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675 Miscellaneous Expenses

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.175 Accounting Instruction 39

Add the following material as Accounting Instruction 39, "Transition Rules - Contribution in Aid of Construction":

"A. The transition rules are to govern the accounting for Contributions in Aid of Construction. They are based on the premise that the integrity of the 'Contribution' account was preserved during the period encompassed by the Commission's ratemaking policy of allowance of depreciation expense as a recoverable operating expense on property which was the contra to the 'Contribution' account.

B. The rules provide for recording the impairment of the 'Contribution' account which occurred subsequent to the change in Commission policy of disallowance of depreciation expense on 'contributed property' for ratemaking purposes.

1. Subsidiary records will be maintained for Account 271, 'Contributions' in Aid of Construction' and Account 272, 'Accumulated Amortization of Contributions in Aid of Construction.'

Subsidiary accounts of Account 271 shall segregate the Contributions in Aid of Construction recorded prior to the change in ratemaking policy from amounts recorded subsequent thereto.

The subsidiary accounts of Account 272 shall be maintained to provide a segregation of the accumulated amortization charges which relate to or correlate to the 'Contribution' segregated balances.

The 'pre' and 'post' segregation categories will coincide with the effective date of the first definitive Commission order applicable to the subject utility which applies the ratemaking disallowance policy.

2. Utilities that discontinued recording depreciation expense in their books of account subsequent to its disallowance for ratemaking purposes shall record the impairment of the 'Contribution' account for the period from date of disallowance to December 31, 1986 by debit to Account 272, 'Accumulated Amortization of Contributions in Aid of Construction' and credit to the appropriate sub-account of Account 108, 'Accumulated Depreciation.'

3. Utilities that continued to record depreciation expense in their books of account subsequent to its disallowance for ratemaking shall record the impairment of the 'Contribution' account by debit to Account 272, 'Accumulated Amortization of Contributions in Aid of Construction' and credit to Account 439, 'Adjustments to Retained Earnings.' It shall cover the period from date of

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disallowance to December 31, 1986.

4. The amortization of the 'pre' disallowance balance of Account 271 shall continue until it is fully amortized at which time it shall be written off against its related Account 272 balance.

5. Within six months of the effective date of this System of Accounts (83 Ill. Adm. Code 605), each utility shall submit its proposed journal entries for recording the implementation of the transition rules to the Director of Accounting ~~Chief-Accountant~~ of the Commission to ascertain whether the utility has complied with Accounting Instruction 39.

6. Should an impairment of the 'Contribution' account have occurred prior to the period covered by the transition rules in this Accounting Instruction, the utility shall submit its proposed journal entries to record such impairment accompanied by a complete explanation to the Director of Accounting ~~Chief-Accountant~~ for acceptance and approval. The Director of Accounting ~~Chief-Accountant~~ shall accept and approve the journal entries if an impairment has occurred and if the entries reflect the level of impairment."

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.180 Plant Account Matrix

Delete the Plant Account Matrix ~~appearing on pages--94--and--95~~ of the NARUC Uniform System of Accounts and replace it with the material in TABLE A.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.185 Expense Accounts Matrix

Delete the Water Operation and Maintenance Expense Accounts Matrix ~~appearing on pages--138--and--139~~ of the NARUC Uniform System of Accounts and replace it with the material in TABLE B.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.1030 Account 103

In Account 103, "Property Held for Future Use," add "Director of Accounting ~~Chief-Accountant~~ of the" before "Commission" in Paragraph B.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

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Section 605.1080 Account 108 (Repealed)

In Account 108, "Accumulated Depreciation," the following material is added to Paragraph B:

"Note:--Not later than nine months after the effective date of this system of accounts (the effective date of this part), each utility shall submit to the Chief Accountant of the Commission the method used in the segregation of the composite accumulated depreciation into the prescribed functional categories;--A narrative statement and applicable journal entries shall accompany the submission describing the methodology pursued so that a ready analysis of the segregation may be made;--The narrative statement will be analyzed to determine whether the proposed segregation complies with the requirements of Account 108."

(Source: Repealed at 22 Ill. Reg. _____, effective _____)

Section 605.1081 Account 108.1

a) In Paragraph A(4) of Account 108.1, "Accumulated Depreciation of Utility Plant in Service," delete the phrase "if such amortization is recognized by the Commission."

b) In Paragraph 6 of Account 108.1, delete the reference to Accounting Instruction 28 and replace it with a reference to Accounting Instruction 29.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 605.2720 Account 272

a) In Paragraph A of Account 272, "Accumulated Amortization of Contributions in Aid of Construction," delete the phrase "if recognized by the Commission" and replace it with "(See Accounting Instruction 39)."

b) In Paragraph 6 of Account 272, delete the reference to Accounting Instruction 33 and replace with Accounting Instruction 34.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

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Section 605.TABLE A Prescribed Plant Account Matrix

WATER UTILITY PLANT ACCOUNTS

| | .1 | .2 | .3 | .4 | .5 | .6 |
|--|-------|------------------------|-------|----------------------------------|--|------------------|
| | | | | | Trans- mission and Distri- bution Plant | General Plant |
| Intan- gible Plant | | Source of Supply | | Water Treat- ment Plant | | |
| 301 Organization | 301.1 | | | | | |
| 302 Franchises | 302.1 | | | | | |
| 303 Land and Land Rights | | 303.2 | 303.3 | 303.4 | 303.5 | 303.6 |
| 304 Structures and Improvements | | 304.2 | 304.3 | 304.4 | 304.5 | 304.6 |
| 305 Collecting and Impounding Reservoirs | | 305.2 | | | | |
| 306 Lake, River and Other Intakes | | 306.2 | | | | |
| 307 Wells and Springs | | 307.2 | | | | |
| 308 Infiltration Gal- leries and Tunnels | | 308.2 309.2 | | | | |
| 309 Supply Mains | | | | | | |
| 310 Power Genera- tion Equipment | | | 310.3 | | | |
| 311 Pumping Equipment | | | 311.3 | | | |
| 320 Water Treatment Equipment | | | | | 320.4 | |
| 330 Distribution Reservoirs and Standpipes | | | | | | |
| 331 Transmission and Distribution Mains | | | | | 330.5 | |
| 333 Services | | | | | 331.5 | |
| 334 Meters and Meter Installations | | | | | 333.5 | |
| 335 Hydrants | | | | | 334.5 | |
| 336 Backflow Preven- tion Devices | | | | | 335.5 | |
| 339 Other Plant and Miscellaneous | | | | | 336.5 | |

660 Advertising Expense

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| | .1 | .2 | .3 | .4 |
|--|-----------|----------|----------|-----------|
| 666 Regulatory Commission Expenses - | Source of | Pumping | Pumping | Water |
| Amortization of | Supply | Expenses | Expenses | Treatment |
| Rate Case | Oper. & | Expenses | Maint. | Expense |
| Expense | Maint. | Oper. | | Oper. |
| 667 Regulatory Commission Expenses - Other | | | | |
| 668 Water Resource Conservation Expense | 668.1 | | | |
| 670 Bad Debt Expense | 675.1 | 675.2 | 675.3 | 675.4 |
| 675 Miscellaneous Expense | | | | |

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WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

| | .5 | .6 | .7 | .8 | .9 |
|---|-------------------|----------|----------|----------|----------|
| 601 Salaries and Wages - | Water | Trans. & | Trans. & | Trans. & | Water |
| Employees | Treatment | Dist. | Dist. | Dist. | Admin. & |
| 603 Salaries and Wage - Directors and Majority Stockholders | Expenses-Expenses | Expenses | Expenses | Accounts | General |
| 604 Employee Pensions and Benefits | Maint. | Oper. | Maint. | Expenses | Expenses |
| 610 Purchased Water | | | | | |
| 615 Purchased Power | 601.5 | 601.6 | 601.7 | 601.8 | 601.9 |
| 616 Fuel for Power Production | | | | | |
| 618 Chemicals | | 616.6 | | 616.8 | 616.9 |
| 620 Materials and Supplies | | 618.6 | | | |
| 621 Contractual Services-Eng. | 620.5 | 620.6 | 620.7 | 620.8 | 620.9 |
| 622 Contractual Services-Acct. | 631.5 | 631.6 | 631.7 | 631.8 | 631.9 |
| 633 Contractual Services-Legal | | | | | |
| 634 Contractual Services-Management Fees | | | | | 633.9 |
| 635 Contractual Services-Testing | | | | | 634.9 |
| 636 Contractual Services-Other | 635.5 | 635.6 | 635.7 | 635.8 | 645.9 |
| 641 Rental of Building/Real Property | 636.5 | 636.6 | 636.7 | 636.8 | 636.9 |
| 642 Rental of Equipment | 641.5 | 641.6 | 641.7 | 641.8 | 641.9 |
| 650 Transportation | 642.5 | 642.6 | 642.7 | 642.8 | 642.9 |

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| <u>.5</u> | <u>.6</u> | <u>.7</u> | <u>.8</u> | <u>.9</u> |
|--|-------------------------------|--------------------------------|----------------------------|---------------------------------|
| Water Treatment-Dist. Expenses-Maint. | Trans. & Dist. Expenses-Oper. | Trans. & Dist. Expenses-Maint. | Customer Accounts Expenses | Water Admin. & General Expenses |
| 650.5 | 650.6 | 650.7 | 650.8 | 650.9 |
| Expense | | | | |
| 656 Insurance - Vehicle | | | | |
| 657 Insurance - General Liability | | | | |
| 658 Insurance - Worker's | | | | |
| Workman's | | | | |
| 659 Insurance - Compensation | 658.6 | 658.7 | 658.8 | 658.9 |
| Other | | | | |
| 660 Advertising Expense | | | | 659.9 |
| 666 Regulatory Commission Expenses-Amortization of Rate Case Expense | | | | 660.9 |
| 667 Regulatory Commission Expenses-Other | | | | |
| 668 Water Resource Conservation Expense | | | | |
| 670 Bad Debt Expense | | | 670.8 | |
| 675 Miscellaneous Expense | 675.5 | 675.6 | 675.7 | 675.9 |

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WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

| | <u>CLASS B</u> | | | |
|--|------------------------|-------------------------|-------------------------------|-----------|
| | <u>.1</u> | <u>.2</u> | <u>.3</u> | <u>.4</u> |
| Source of Supply Oper. Expenses | Pumping Expenses-Oper. | Pumping Expenses-Maint. | Water Treatment Expense-Oper. | |
| 601 Salaries and Wages - Employees | 601.1 | 601.2 | 601.3 | 601.4 |
| 603 Salaries and Wages - Officers, Directors and Majority Stockholders | | | | |
| 604 Employee Pensions and Benefits | | | | |
| 610 Purchased Water | 610.1 | | | 615.4 |
| 615 Purchased Power | 615.1 | 615.2 | | 616.4 |
| 616 Fuel for Power Production | 616.1 | 616.2 | | 618.4 |
| 618 Chemicals | 618.1 | | | 620.4 |
| 620 Materials and Supplies | 620.1 | 620.2 | 620.3 | 631.4 |
| 631 Contractual Services-Eng. | 631.1 | 631.2 | 631.3 | |
| 632 Contractual Services-Acct. | | | | |
| 633 Contractual Services-Legal | | | | |
| 634 Contractual Services-Management Fees | | | | |
| 635 Contractual Services-Other | 635.1 | 635.2 | 635.3 | 635.4 |
| 641 Rental of Building/Real Property | 641.1 | 641.2 | 641.3 | 641.4 |
| 642 Rental of Equipment | 642.1 | 642.2 | 642.3 | 642.4 |
| 650 Transportation Expense | 650.1 | 650.2 | 650.3 | 650.4 |
| 656 Insurance - Vehicle Liability | | | | |
| 657 Insurance - General Liability | | | | |
| 658 Insurance - Worker's Compensation | | | | |
| 659 Insurance - Other | | | | |
| 660 Advertising Expense | | | | |
| 666 Regulatory Commission Expenses - Amortization of Rate Case Expense | | | | |

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NOTICE OF PROPOSED AMENDMENTS

| <u>.1</u> | <u>.2</u> | <u>.3</u> | <u>.4</u> |
|-----------------------------------|------------------|------------------|------------------|
| <u>Source of</u> | <u>Pumping</u> | <u>Pumping</u> | <u>Water</u> |
| <u>Supply</u> | <u>Expenses-</u> | <u>Expenses-</u> | <u>Treatment</u> |
| <u>Oper.</u> | <u>Oper.</u> | <u>Maint.</u> | <u>Expense-</u> |
| <u>Expenses</u> | | | <u>Oper.</u> |
| <u>667 Regulatory Commission</u> | | | |
| <u>Expenses - Other</u> | | | |
| <u>668 Water Resource</u> | <u>668.2</u> | | |
| <u>Conservation Expense</u> | | | |
| <u>670 Bad Debt Expense</u> | <u>675.2</u> | <u>675.3</u> | <u>675.4</u> |
| <u>675 Miscellaneous Expenses</u> | | | |

ILLINOIS COMMERCE COMMISSION

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WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

| <u>.5</u> | <u>.6</u> | <u>.7</u> | <u>.8</u> | <u>.9</u> |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Water</u> | <u>Trans. &</u> | <u>Trans. &</u> | <u>Trans. &</u> | <u>Water</u> |
| <u>Treat.</u> | <u>Dist.</u> | <u>Dist.</u> | <u>Dist.</u> | <u>Admin. &</u> |
| <u>Expenses</u> | <u>Expenses</u> | <u>Expenses</u> | <u>Expenses</u> | <u>General</u> |
| <u>-Maint.</u> | <u>-Oper.</u> | <u>-Maint.</u> | <u>Account</u> | <u>Expenses</u> |
| <u>601 Salaries and</u> | | | | |
| <u>Wages -</u> | | | | |
| <u>Employees</u> | <u>601.5</u> | <u>601.6</u> | <u>601.7</u> | <u>601.8</u> |
| <u>603 Salaries and</u> | | | | |
| <u>Wages - Officers</u> | | | | |
| <u>Directors and</u> | | | | |
| <u>Majority</u> | | | | |
| <u>Stockholders</u> | | | | |
| <u>604 Employee Pen-</u> | | | | |
| <u>sions and</u> | | | | |
| <u>Benefits</u> | | | | |
| <u>610 Purchased Water</u> | | | | |
| <u>615 Purchased Power</u> | <u>615.6</u> | | | <u>615.8</u> |
| <u>616 Fuel for Power</u> | <u>616.6</u> | | | <u>616.8</u> |
| <u>Production</u> | <u>618.6</u> | | | |
| <u>618 Chemicals</u> | | | | |
| <u>620 Materials and</u> | | | | |
| <u>Supplies</u> | <u>620.5</u> | <u>620.6</u> | <u>620.7</u> | <u>620.8</u> |
| <u>631 Contractual</u> | <u>631.5</u> | <u>631.6</u> | <u>631.7</u> | <u>631.8</u> |
| <u>Services-Eng.</u> | | | | |
| <u>632 Contractual</u> | | | | |
| <u>Services-</u> | | | | |
| <u>Acct.</u> | | | | |
| <u>633 Contractual</u> | | | | |
| <u>Services-</u> | | | | |
| <u>Legal</u> | | | | |
| <u>634 Contractual</u> | | | | |
| <u>Services-</u> | | | | |
| <u>Management Fees</u> | | | | |
| <u>635 Contractual</u> | <u>635.5</u> | <u>635.6</u> | <u>635.7</u> | <u>635.8</u> |
| <u>Services-Other</u> | | | | |
| <u>641 Rental of</u> | | | | |
| <u>Building/Real</u> | | | | |
| <u>Property</u> | <u>641.5</u> | <u>641.6</u> | <u>641.7</u> | <u>641.8</u> |
| <u>642 Rental of</u> | | | | |
| <u>Equipment</u> | <u>642.5</u> | <u>642.6</u> | <u>642.7</u> | <u>642.8</u> |
| <u>650 Transportation</u> | | | | |
| <u>Expenses</u> | <u>650.5</u> | <u>650.6</u> | <u>650.7</u> | <u>650.8</u> |
| <u>656 Insurance -</u> | | | | |
| <u>Vehicle</u> | | | | |

633.9

634.9

645.9

641.9

642.9

650.9

656.9

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| | <u>.5</u> | <u>.6</u> | <u>.7</u> | <u>.8</u> | <u>.9</u> |
|--|-----------|-----------|-----------|-----------|-----------|
| 657 Insurance - | | | | | |
| General | | | | | Water |
| Liability | | | | | Admin. & |
| 658 Insurance - | | | | | General |
| Worker's | | | | | Expenses |
| Compensation | | | | | |
| 659 Insurance - | 658.5 | 658.6 | 658.7 | 658.8 | 657.9 |
| Other | | | | | |
| 660 Advertising | | | | | |
| Expense | | | | | |
| 666 Regulatory | | | | | |
| Commission | | | | | |
| Expenses- | | | | | |
| Amortization | | | | | |
| of Rate Case | | | | | |
| Expense | | | | | |
| 667 Regulatory | | | | | |
| Commission | | | | | |
| Expenses- | | | | | |
| Other | | | | | |
| 668 Water Resource | | | | | |
| Conservation | | | | | |
| Expense | | | | | |
| 670 Bad Debt Expense | | | | 670.8 | |
| 675 Miscellaneous | | | | | |
| Expenses | 675.5 | 675.6 | 675.7 | 675.8 | 675.9 |
| (Source: Amended at 22 Ill. Reg. _____, effective _____) | | | | | |

DEPARTMENT OF INSURANCE

NOTICE OF PROPOSED RULES

- 1) Heading of the Part: Portability of Creditable Service Time for Downstate and Suburban Police Pension Funds
- 2) Code Citation: 50 Ill. Adm. Code 4404
- 3) Section Numbers:
4404.10 New Section
4404.20 New Section
4404.30 New Section
4404.40 New Section
4404.50 New Section
4404.60 New Section
4404.70 New Section
4404.80 New Section
4404.90 New Section
4404.100 New Section
4404.110 New Section
4404.120 New Section
4404.130 New Section
4404.140 New Section
4404.ILLUSTRATION A New Section
- 4) Statutory Authority: Implementing Section 3-109.1, 110, 110.7, 7-139.9, and authorized by Sections 3-110 of the Illinois Pension Code [40 ILCS 5/3-109.1, 110, 110.7, 7-139.9] (see P.A. 90-460, effective August 17, 1997).
- 5) A Complete Description of the Subjects and Issues Involved: Pursuant to P.A. 90-460, effective August 17, 1997, the Public Employee Pension Fund Division of the Department of Insurance is required to promulgate regulatory standards that will establish the method for calculating the true cost of transferring creditable service time from one Article 3 police pension fund, or pursuant to Section 3-109.1 a chief of police may transfer creditable service time from the Illinois Municipal Retirement Fund (IMRF), to any other Article 3 pension fund in which the person is now an active member.

This new rule not only establishes the method for calculating the true cost of transferring creditable service time, but it also sets forth the procedure for making such requests and notification requirements for both the current and prior pension funds and allows the officer, or the chief of police to give a final authorization to make such transfer. The officer or chief of police will have given his or her final authorization only after having been fully informed of all monies available and the necessary payment schedule if applicable, and having been made aware that if the transfer occurs and he or she fails to meet the agreed to payment schedule, he or she will lose creditable service time forever.

DEPARTMENT OF INSURANCE

NOTICE OF PROPOSED RULES

- 6) Will this proposed rule replace an emergency rule currently in effect?
Yes
- 7) Does this rule contain an automatic repeal date? No
- 8) Does this proposed rule contain incorporations by reference? Yes
- 9) Are there any other proposed amendments pending on this Part? No

10) Statement of Statewide Policy Objectives: This proposed rule should not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

11) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Eve Blackwell
Staff Attorney
Department of Insurance
320 West Washington
Springfield, IL 62767
(217) 524-1634

Denise Hamilton
Rules Unit Supervisor
Department of Insurance
320 West Washington
Springfield, IL 62767
(217) 785-8560

12) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities and not for profit corporations affected: This new rule will not affect small business, small municipalities or not for profit corporations.

B) Reporting, bookkeeping or other procedures required for compliance: Please see Sections 4404.40 through 4404.44, Illustration A of this Part.

C) Types of professional skills necessary for compliance: Clerical skills will be necessary to comply with the majority of the regulatory standards set forth herein, except for Section 4404.50. A qualified actuary will need to determine the true cost of transferring creditable service time.

13) Regulatory Agenda on which this rulemaking was summarized: This rulemaking was not included on either of the two most recent agendas because: The Department was not certain that HB 593 would make it through the legislature.

The full text of the Rule is identical to the Emergency Rule being published in this issue of the *Illinois Register* on page

16453

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Savings and Loan Act of 1985
- 2) Code Citation: 38 Ill. Adm. Code 1000
- 3) Section Number: Proposed Action:
1000.110 Amendment
1000.141 Amendment
1000.142 Amendment
1000.151 New Section

4) Statutory Authority: Implementing and authorized by Section 7-3(b) of the Illinois Savings and Loan Act of 1985 [205 ILCS 105/7-3(b)].

5) A complete description of the subjects and issues involved: The proposed rulemaking amends the rules under the Savings and Loan Act of 1985 to provide for a credit which State savings and loan associations can apply against the supervisory fees they pay. The amount of the one time credit will be determined by the asset size of an association as of December 31, 1996. (This credit is being implemented concurrently with a similar fee credit for State savings banks.) The proposed rulemaking also amends Section 1000.110 to make a technical correction/clarification. The proposed rulemaking also amends Sections 1000.141 and 1000.142 to provide the Commissioner more flexibility as to when supervisory fees may be billed.

6) Will these proposed amendments replace emergency amendments currently in effect? No

7) Does this rulemaking contain an automatic repeal date? No

8) Do these proposed amendments contain incorporations by reference? No

9) Are there any other proposed amendments pending to this Part? No

10) Statement of Statewide Policy Objectives: This rule will not affect local government.

11) Time, place and manner in which interested persons may comment on this proposed rulemaking: Interested parties should submit written comments or views concerning the proposed rulemaking to the attention of:

John Arthur, Legislative Liaison
Office of Banks and Real Estate
500 East Monroe, Suite 900
Springfield, Illinois 62701
217/782-3000
Fax: 217/524-5941

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

The Agency will consider all written comments it receives in writing within 45 days after the date of publication of the *Illinois Register*.

12) Initial Regulatory Flexibility Analysis:

A) Types of small businesses affected: None

B) Reporting, bookkeeping or other procedures required for compliance:
None

C) Types of professional skills necessary for compliance: None

13) Regulatory Agenda on which this rulemaking was summarized: January 1997

The full text of the Proposed Amendments begins on the next page:

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

TITLE 38: FINANCIAL INSTITUTIONS
CHAPTER II: OFFICE OF BANKS AND REAL ESTATE

PART 1000

ILLINOIS SAVINGS AND LOAN ACT OF 1985

SUBPART A: FEES

| Section | |
|-----------------|--|
| 1000.110 | Filings |
| 1000.120 | Conditions |
| 1000.130 | Examination Fees |
| 1000.140 | Annual Supervisory Fees (Repealed) |
| 1000.141 | Supervisory Fees |
| 1000.142 | Adjusted Supervisory Fees |
| 1000.143 | Special Assessment (Emergency Expired) |
| 1000.150 | Manner of Payment |
| <u>1000.151</u> | <u>Special Credit</u> |

SUBPART B: DEFINITIONS

| Section | |
|----------|---------------------------|
| 1000.205 | Introduction |
| 1000.210 | Association |
| 1000.220 | Commissioner |
| 1000.230 | Single Family Dwelling |
| 1000.240 | Unsafe |
| 1000.250 | Mobile Home |
| 000.260 | Mobile Home Chattel Paper |
| 1000.270 | Person |
| 1000.280 | Proposed Borrower |
| 1000.290 | Redlining |

SUBPART C: REPORTS

| Section | |
|----------|----------------------|
| 1000.310 | Contracts (Repealed) |

SUBPART D: OPERATIONS

| Section | |
|----------|--------------------------|
| 1000.410 | Permanent Reserve Shares |
| 1000.420 | Dividend Advertising |
| 1000.430 | Maintenance of Records |
| 1000.440 | Business Plan |

SUBPART E: APPRAISALS

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

Section
1000.510 Appraisals

SUBPART F: INVESTMENTS

Section

1000.610 Prudent Person Rule
 1000.615 Investment Underwriting Practices
 1000.620 Discrimination and Redlining Prohibited
 1000.630 Loans Secured by Real Estate
 1000.640 Construction Loans
 1000.650 College Loans (Repealed)
 1000.660 Mobile Home Financing
 1000.665 Other Loans
 1000.670 Collateral Loans (Repealed)
 1000.675 Investment Parity (Repealed)
 1000.680 Unsecured Loans (Repealed)
 1000.690 Sale of Loans and Participations (Repealed)
 1000.700 Insider Loan Rates (Repealed)
 1000.710 Reverse Mortgage Loans
 1000.720 Repurchase Agreements

SUBPART G: BONUS PLANS

Section
1000.810 Bonus Plans

SUBPART H: NOTICE TO COMMISSIONER

Section
1000.910 Corrective Action

SUBPART I: SERVICE CORPORATIONS

Section

1000.1010 Requirements
 1000.1020 Approval by the Commissioner
 1000.1030 Lending Limitations
 1000.1040 Investments by Service Corporations
 1000.1050 Ownership of Capital Stock of Service Corporation
 1000.1060 Prohibited Transactions
 1000.1070 Disclosure to Service Corporation
 1000.1080 Reporting Requirements
 1000.1090 Audit Requirements

SUBPART J: RELOCATIONS AND BRANCHING

Section

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

1000.1110 General

1000.1120 Application
 1000.1130 Request for Preliminary Determination
 1000.1140 Amendment of Application (Repealed)
 1000.1150 Public Notice and Inspection
 1000.1160 Protest
 1000.1170 Oral Argument
 1000.1180 Application for and Maintenance of Branch Office after Conversion,
 Consolidation, Purchase of Assets or Merger
 1000.1190 Redesignation of Offices
 1000.1200 Termination of Operation and/or Closing of a Branch Office
 1000.1210 Agency Offices
 1000.1220 Remote Drive-In and/or Remote Pedestrian Facilities

SUBPART K: CAPITAL NOTES AND DEBENTURES

Section

1000.1310 Approval
 1000.1320 Conversion to Stock
 1000.1330 Priority of Claim
 1000.1340 Effect on Reserve Requirements

SUBPART L: THIRD-PARTY PAYMENT ACCOUNTS

Section

1000.1410 General
 1000.1420 Depositors
 1000.1430 Rate of Interest
 1000.1440 Overdraft Privilege
 1000.1450 Charges and Fees
 1000.1460 Disclosure
 1000.1470 Membership
 1000.1480 Approval and Authorization

SUBPART M: ADMINISTRATIVE HEARING PROCEDURES

Section

1000.1510 Applicability
 1000.1520 Definitions
 1000.1530 Filing
 1000.1540 Form of Documents
 1000.1550 Computation of Time
 1000.1560 Appearances
 1000.1570 Notice of Hearing
 1000.1580 Service of the Notice of Hearing
 1000.1590 Motion and Answer
 1000.1600 Consolidation and Severance of Matters - Additional Parties
 1000.1610 Intervention

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

1000.1620 Postponement or Continuance of Hearing
 1000.1630 Authority of Hearing Officer
 1000.1640 Bias or Disqualification of Hearing Officer
 1000.1650 Prehearing Conferences
 1000.1660 Discovery
 1000.1670 Subpoenas
 1000.1680 Conduct of the Hearing
 1000.1690 Default
 1000.1700 Evidence
 1000.1710 Official Notice
 1000.1720 Hostile Witnesses
 1000.1730 Transcription of Proceedings
 1000.1740 Briefs
 1000.1750 Hearing Officer's Findings, Opinions and Recommendations
 1000.1760 Order of the Commissioner
 1000.1770 Rehearings
 1000.1780 Existing Statutory or Agency Procedures and Practices
 1000.1790 Costs of Hearing

SUBPART N: SAVINGS AND LOAN HOLDING COMPANIES

Section
 1000.1800 Applicability
 1000.1810 Plain Meaning/Strict Interpretation
 1000.1905 Affiliate
 1000.1910 Assets
 1000.1915 Books of Record
 1000.1920 Capital Stock
 1000.1925 Charter
 1000.1930 Control
 1000.1935 Eligible Account Holder
 1000.1940 Eligibility Record Date
 1000.1945 Employee
 1000.1950 Equity Security
 1000.1955 Insured Institution
 1000.1970 Member
 1000.1972 Net Worth
 1000.1975 Officer
 1000.1980 Person
 1000.1982 Qualifying Deposit
 1000.1985 Sale
 1000.1990 Security
 1000.1993 Source Documents
 1000.1997 Subsidiary
 1000.2005 Liquidation Account and Proxies
 1000.2010 Mutual Holding Company Ceasing to be a Depository Institution
 1000.2020 Directors of a Mutual Holding Company
 1000.2030 Stock Sales

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

1000.2040 Stock of a Subsidiary of a Mutual Holding Company
 1000.2050 Stock Subsidiary Formation
 1000.2055 Net Worth Maintenance Agreement
 1000.2060 Members' Rights
 1000.2070 Investment
 1000.2105 Notice Requirement/Corrective Action
 1000.2110 Insider Abuses
 1000.2120 Penalty (Emergency Expired)
 1000.2200 Determination of the Qualification and Condition of an Out-of-State Acquisition
 1000.2300 Disposal of a Subsidiary
 1000.2310 Dividends
 1000.2320 Officers and Directors List
 1000.2330 Access to Books and Records
 1000.2340 Reports (Emergency Expired)
 1000.2400 Annual Audit Requirements
 1000.2410 Maintenance of Records
 1000.2420 Notice of Appointment of CPA
 1000.2500 Savings and Loan Holding Company Filing Fees
 1000.2510 Savings and Loan Holding Company Supervisory Fees
 1000.2520 Examination Fees
 1000.2530 Conditions
 1000.2540 Manner of Payment
 1000.2550 Transformation from Deposit to Non-Deposit (Emergency Expired)

SUBPART O: SAVINGS AND LOAN ADVISORY BOARD

Section
 1000.2700 Purpose
 1000.2710 Composition, Appointment

AUTHORITY: Implementing and authorized by Section 7-3(b)(2) of the Illinois Savings and Loan Act of 1985 [205 ILCS 105/7-3(b)(2)] and Section 5-35 of the Illinois Administrative Procedure Act [5 ILCS 100/5-35].

SOURCE: Filed and effective January 18, 1974; amended at 2 Ill. Reg. 44, p. 179, effective October 30, 1978; emergency amendment at 2 Ill. Reg. 45, p. 169, effective November 1, 1978, for a maximum of 150 days; amended at 3 Ill. Reg. 5, p. 883, effective January 29, 1979; amended at 3 Ill. Reg. 11, p. 163, effective March 12, 1979; amended at 3 Ill. Reg. 19, p. 22, effective May 12, 1979; emergency amendment at 3 Ill. Reg. 39, p. 230, effective September 17, 1979, for a maximum of 150 days; emergency amendment at 4 Ill. Reg. 8, p. 207, effective February 14, 1980, for a maximum of 150 days; amended at 4 Ill. Reg. 30, p. 1241, effective July 14, 1980; emergency amendment at 5 Ill. Reg. 2524, effective February 19, 1981, for a maximum of 150 days; amended at 5 Ill. Reg. 7124, effective June 24, 1981; amended at 5 Ill. Reg. 7125, effective June 24, 1981; amended at 5 Ill. Reg. 11377, effective October 14, 1981; amended at 6 Ill. Reg. 3175, effective March 4, 1982; amended at 6 Ill. Reg. 4218, effective

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

April 6, 1982; amended at 6 Ill. Reg. 4219, effective April 6, 1982; amended at 6 Ill. Reg. 4227, effective April 6, 1982; amended at 6 Ill. Reg. 7141, effective June 1, 1982; amended at 7 Ill. Reg. 1993, effective January 28, 1983; codified at 7 Ill. Reg. 13669; amended at 8 Ill. Reg. 8630, effective June 1, 1984; amended at 8 Ill. Reg. 15066, effective August 7, 1984; emergency amendment at 9 Ill. Reg. 17437, effective October 24, 1985, for a maximum of 150 days; emergency amendment at 10 Ill. Reg. 4946, effective March 11, 1986, for a maximum of 150 days; amended at 10 Ill. Reg. 14290, effective August 20, 1986; amended at 10 Ill. Reg. 19781, effective November 6, 1986; amended at 11 Ill. Reg. 20648, effective December 2, 1987; emergency amendment at 11 Ill. Reg. 20672, effective December 3, 1987, for a maximum of 150 days; emergency amendments at 12 Ill. Reg. 8106, effective April 20, 1988, for a maximum of 150 days; amended at 12 Ill. Reg. 15165, effective September 13, 1988; amended at 13 Ill. Reg. 8927, effective May 26, 1989; amended at 16 Ill. Reg. 4881, effective March 17, 1992; transferred from Chapter III, 38 Ill. Adm. Code 400 March 17, 1992; transferred from Chapter III, 38 Ill. Adm. Code 400 (Commissioner of Savings and Loan Associations) to Chapter VIII, 38 Ill. Adm. Code 1000 (Commissioner of Savings and Residential Finance) pursuant to Savings Bank Act (205 ILCS 1003) at 17 Ill. Reg. 4464; recodified from Chapter III, Commissioner of Savings and Residential Finance, to Chapter VIII, Office of Banks and Real Estate, pursuant to PA 89-508, at 20 Ill. Reg. 12645; amended at 22 Ill. Reg. _____, effective _____.

SUBPART A: FEES

Section 1000.110 Filings

Filings pertaining to matters named hereafter shall be subject to the indicated fee pursuant to the Illinois Savings and Loan Act of 1985 [205 ILCS 105/1-1]. Such fee or fees shall be paid at the Commissioner's office at the time of filing. Payment shall be by check, draft or money order made payable to the Office of Banks and Real Estate.

- a) Permit to Organize
(Article 2 of the Act) \$ 1,000.00
- b) Conversion to Federal Charter
(Article 6, Section 6-12 of the Act) \$ One time the last total annual Supervisory Fee calculated and assessed against the Association as set forth in Section 1000.141(a) and (b) of this Part.
- c) Merger
(Article 6, Section 6-5 of the Act) \$ 1,000.00
- d) Bulk Sale of Assets
(Article 6, Section 6-11 of the Act) \$ 1,000.00
- e) Amendment to Articles of Incorporation providing for the issuance of Permanent Reserve Shares
(Article 4, Section 4-4 of the Act)
(Section 1000.410 of this Part) \$ 1,000.00
- f) Appeals to the Board of Savings Institutions
(Article 7, Section 7-23 of the Act)

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

- (Article 7, Section 7-24 of the Act)
(Article 7, Section 7-26 of the Act) \$ 500.00
Each additional party to an appeal to the Board of Savings Institutions shall pay the sum of \$100.00, and shall bear its pro rata share of all expenses incurred in said appeal except as otherwise provided in the Act
- g) Hearing or Oral Argument -- each applicant requesting a hearing or oral argument and/or each objector requesting a hearing or oral argument and/or each adversary participating in a hearing or oral argument
(Article 7, Section 7-27 of the Act)
(Section 1000.1170 of this Part)
(Section 1000.1510 of this Part) \$ 500.00
Each applicant requesting a hearing or oral argument and/or each objector requesting a hearing or oral argument and/or each adversary participating in a hearing or oral argument shall bear its pro rata share of all expenses incurred in said proceedings.
- h) Application for Subsidiary Acquisition Fee
(Article 1A-5 of the Act) \$ 250.00
- i) Photocopies and duplication fees \$ 25
1) Photocopies (per page) \$ 25
2) Savings and Loan Act (bound edition) \$ 25.00
3) Rules (bound edition) \$ 25.00
4) Annual Report (additional copy) \$ 25.00
5) Mailing Labels \$ 35.00

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1000.141 Supervisory Fees

- a) The Commissioner shall receive and there shall be paid to the Commissioner by each association and each service corporation operating under the provisions of the Illinois Savings and Loan Act of 1985, a fixed fee of \$450, plus a variable fee based on the total assets of each association and each service corporation as shown on the financial report filed with the Commissioner for the reporting period of the prior calendar year ended December 31 according to the following schedule: 25.2¢ per \$1,000 of the first \$2,000,000 of total assets, 22.68¢ per \$1,000 of the next \$3,000,000 of total assets, 20.16¢ per \$1,000 of the next \$5,000,000 of total assets, 17.64¢ per \$1,000 of the next \$15,000,000 of total assets, 15.12¢ per \$1,000 of the next \$25,000,000 of total assets, 12.6¢ per \$1,000 of the next \$50,000,000 of total assets, 10.8¢ per \$1,000 of the next \$400,000,000 of total assets, 7.56¢ per \$1,000 of the next \$500,000,000 of total assets, and 5.04¢ per \$1,000 of all total assets in excess of \$1,000,000,000 of such association or service corporation. In the situation where service corporations and/or finance subsidiaries are

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

owned by the Association, the owned assets may be consolidated with the assets of the Association for calculation of this fee. If the finance subsidiary is not active and is in the form of a Collateralized Mortgage Obligation or a similar vehicle (Mortgage Backed Securities, Real Estate Mortgage Income Certificates, and other securitized debt instruments), the Commissioner shall waive that portion of the fee attributed to the finance subsidiary.

b) The Commissioner shall receive and there shall be paid to the Commissioner by each association a fee of \$450 for each approved branch office or facility office established under the provisions of Subpart J of this Part. The determination of such fees shall be made annually as of the close of business of the prior calendar year ended December 31.

c) One fourth of the sum of the supervisory fee so determined shall be remitted as billed by the Commissioner ~~at the time of each calendar quarter--end--A--calendar--quarter--end--shall--mean--March-31--June-30--September-30--and--December-31.~~ Such fees shall be for the respective current year.

d) Supervisory fees shall be determined by the Commissioner ~~within-90 days~~ following the close of the respective calendar year; however, the dates of billings shall not prejudice the validity of an invoice for any such fees billed at a later date.

e) In the event the state charter is converted or otherwise surrendered during the course of the year, the Commissioner shall determine the supervisory fee based on the total assets of the Association as of the month-end immediately preceding the cancellation of the state charter, except that the measurement date may be another date at the discretion of the Commissioner in the event an Association elects to liquidate. In determining whether to set another measurement date, the Commissioner shall consider the following elements: whether the association is undergoing a planned liquidation (where an association elects to not continue operations), or, the association has transferred significant assets (more than 1/2 of 1% of the total assets at the previous measurement date).

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1000.142 Adjusted Supervisory Fees

a) The Commissioner shall receive and there shall be paid to the Commissioner an additional fee as an adjustment to the supervisory fee specified in Section 1000.141 of this Subpart, to be based upon the difference between the total assets of each association and each service corporation as shown by its financial report filed with the Commissioner for the reporting period of the calendar year ended December 31 on which the supervisory fee was based, and the total assets of each association and each service corporation as shown by

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

its financial report filed with the Commissioner for the reporting period of the calendar year ended December 31 in which the quarterly payments referred to in Section 1000.141 of this Subpart are made according to the following schedule: 25.2¢ per \$1,000 of the first \$2,000,000 of total assets, 22.68¢ per \$1,000 of the next \$3,000,000 of total assets, 20.16¢ per \$1,000 of the next \$5,000,000 of total assets, 17.64¢ per \$1,000 of the next \$15,000,000 of total assets, 15.12¢ per \$1,000 of the next \$25,000,000 of total assets, 12.6¢ per \$1,000 of the next \$50,000,000 of total assets, 10.8¢ per \$1,000 of the next \$400,000,000 of total assets, 7.56¢ per \$1,000 of the next \$500,000,000 of total assets, and 5.04¢ per \$1,000 of all total assets in excess of \$1,000,000,000 of such association or service corporation. In the situation where service corporations and/or finance subsidiaries are owned by the Association, the owned assets may be consolidated with the assets of the Association for calculation of this fee. If the finance subsidiary is not active and is in the form of a Collateralized Mortgage Obligation or a similar vehicle, the Commissioner shall waive that portion of the fee attributed to the finance subsidiary.

b) Adjusted supervisory fees shall be remitted as billed by the Commissioner ~~on March-31-of-the-next-calendar-year.~~ In the event the total assets of each association and each service corporation as reported on the earlier financial report are more than the total assets as reported on the later annual report the Commissioner shall credit the next quarterly remittance of the supervisory fee in the same proportion.

c) In the event the state charter is converted or otherwise surrendered during the course of the year, the Commissioner shall determine the supervisory fee based on the total assets of the Association as of the month-end immediately preceding the cancellation of the state charter, except that the measurement date may be another date at the discretion of the Commissioner in the event an Association elects to liquidate. In determining whether to set another measurement date, the Commissioner shall consider the following elements: whether the association is undergoing a planned liquidation (where an association elects to not continue operations), or, the association has transferred significant assets (more than 1/2 of 1% of the total assets at the previous measurement date).

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1000.151 Special Credit

The Commissioner shall issue a credit memorandum that each association operating under the provisions of the Illinois Savings and Loan Act of 1985 [205 ILCS 105] may use to offset balances owed from the Supervisory Fee calculated in Section 1000.141 of this Part. The credit shall be calculated

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

based on the total assets reported by each association as of December 31, 1996 as follows: 2.25¢ per \$1,000 of the first \$2,000,000 of total assets; 2.025¢ per \$1,000 of the next \$3,000,000 of total assets; 1.8¢ per \$1,000 of the next \$5,000,000 of total assets; 1.575¢ per \$1,000 of the next \$15,000,000 of total assets; 1.35¢ per \$1,000 of the next \$25,000,000 of total assets; 1.125¢ per \$1,000 of the next \$50,000,000 of total assets; .9¢ per \$1,000 of the next \$400,000,000 of total assets; and .675¢ per \$1,000 of the total assets in excess of \$500,000,000 of such savings bank. In addition, the credit shall include a fixed amount of \$400.

(Source: Added at 22 Ill. Reg. _____, effective _____)

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

1) Heading of the Part: Savings Bank Act

2) Code Citation: 38 Ill. Adm. Code 1075

3) Section Number: Proposed Action

| | |
|-----------|-------------|
| 1075.100 | Amendment |
| 1075.130 | Amendment |
| 1075.140 | Amendment |
| 1075.141 | New Section |
| 1075.310 | Amendment |
| 1075.400 | Repeal |
| 1075.430 | Amendment |
| 1075.480 | Amendment |
| 1075.505 | Amendment |
| 1075.515 | Amendment |
| 1075.520 | Amendment |
| 1075.525 | Repeal |
| 1075.530 | Amendment |
| 1075.535 | Amendment |
| 1075.600 | Amendment |
| 1075.700 | Amendment |
| 1075.720 | Amendment |
| 1075.730 | Amendment |
| 1075.750 | Amendment |
| 1075.1100 | Amendment |
| 1075.1105 | Amendment |
| 1075.1110 | Amendment |
| 1075.1111 | New Section |
| 1075.1115 | Amendment |
| 1075.1210 | Amendment |
| 1075.1220 | Amendment |
| 1075.1230 | Amendment |
| 1075.1240 | Repeal |
| 1075.1245 | Amendment |
| 1075.1270 | Amendment |
| 1075.1285 | Amendment |
| 1075.1305 | Repeal |
| 1075.1330 | Amendment |
| 1075.1410 | Amendment |
| 1075.1415 | Amendment |
| 1075.1420 | Repeal |
| 1075.1425 | Repeal |
| 1075.1450 | Amendment |
| 1075.1510 | Repeal |
| 1075.1520 | Amendment |
| 1075.1530 | Amendment |
| 1075.1700 | Amendment |

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

1075.1800 Amendment
 1075.1810 Repeal
 1075.1835 Amendment
 1075.1845 Amendment
 1075.2040 Amendment
 1075.2440 Amendment

4) Statutory Authority: Implementing and authorized by the Savings Bank Act [205 ILCS 205].

5) A complete description of the subjects and issues involved: The proposed rulemaking amends the rules under the Savings Bank Act to provide for a credit which State savings banks can apply against the supervisory fees they pay. The amount of the one time credit will be determined by the asset size of a savings bank as of December 31, 1996. (This credit is being implemented concurrently with a similar fee credit for State savings and loan associations.) Also, the fee for Acquisition of Control of a Savings Banks is lowered from \$5,000 to \$500 and the fees for holding company transactions are reworked and relocated to the general fee Section of the rules. The proposed rulemaking also makes numerous other changes to the Savings Bank Act rules to eliminate or consolidate unnecessarily burdensome requirements for savings banks; provide for administrative and procedural streamlining; delete obsolete provisions; and make technical corrections and updates.

6) Will these proposed amendments replace emergency amendments currently in effect? No

7) Does this rulemaking contain an automatic repeal date? No

8) Do these proposed amendments contain incorporations by reference? No

9) Are there any other proposed amendments pending to this Part? No

10) Statement of Statewide Policy Objectives: This rule will not affect local government.

11) Time, place and manner in which interested persons may comment on this proposed rulemaking: Interested parties should submit written comments or views concerning the proposed rulemaking to the attention of:

John Arthur, Legislative Liaison
 Office of Banks and Real Estate
 500 East Monroe, Suite 900
 Springfield, IL 62701
 217/782-3000
 Fax: 217/782-5941

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

The Agency will consider all written comments it receives in writing within 45 days after the date of publication of the *Illinois Register*.

12) Initial Regulatory Flexibility Analysis:

A) Types of small businesses affected: None

B) Reporting, bookkeeping or other procedures required for compliance: None

C) Types of professional skills necessary for compliance: None

13) Regulatory Agenda on which this rulemaking was summarized: January 1997

The full text of the Proposed Amendments begins on the next page:

OFFICE OF BANKS AND REAL ESTATE

NOTICE OF PROPOSED AMENDMENT

TITLE 38: FINANCIAL INSTITUTIONS
CHAPTER II: OFFICE OF BANKS AND REAL ESTATEPART 1075
SAVINGS BANK ACT

SUBPART A: FILINGS

Section

1075.100

Filings

1075.100

Conditions

1075.110

Examination Fees

1075.120

Supervisory Fees

1075.130

Adjusted Supervisory Fees

1075.140

Special Credit

1075.141

SUBPART B: DEFINITIONS

Section

1075.200

Definitions

1075.200

SUBPART C: REPORTS

Section

1075.300

Contracts

1075.310

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 1075.2380 SOURCE: Emergency Rules adopted at 14 Ill. Reg. 15029, effective September 4,
 1075.2385 1990, for a maximum of 150 days; adopted at 15 Ill. Reg. 1916, effective
 1075.2390 January 25, 1991; amended at 16 Ill. Reg. 4891, effective March 16, 1992;
 1075.2395 amended at 17 Ill. Reg. 8894, effective June 7, 1993; expedited correction at

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17 Ill. Reg. 18223, effective June 7, 1993; emergency amendment adopted at 18 Ill. Reg. 7016, effective April 22, 1994, for a maximum of 150 days; amended at 18 Ill. Reg. 15094, effective September 26, 1994; emergency amendment at 19 Ill. Reg. 10277, effective June 29, 1995, for a maximum of 150 days; amended at 19 Ill. Reg. 15474, effective October 31, 1995; recodified from Chapter VIII, Commissioner of Savings and Residential Finance, to Chapter II, Office of Banks and Real Estate, pursuant to PA 89-508, at 20 Ill. Reg. 12645; amended at 22 Ill. Reg. _____, effective _____.

SUBPART A: FILINGS

Section 1075.100 Filings

Filings pertaining to matters named hereafter shall be subject to the indicated fee pursuant to the Savings Bank Act ("the Act") [205 ILCS 205]. Such fee or fees shall be paid at the Office of Banks and Real Estate at the time of filing. Payment shall be by check, draft or money order made payable to the Office of Banks and Real Estate.

- a) Permit to Organize
(Section 3001 of the Act).....\$ 1,010
- b) Merger
(Section 8005 of the Act).....\$ 1,000
- c) Sale of Assets
(Section 8010 of the Act).....\$ 1,000
- d) Amendment to Articles of Incorporation providing for the Issuance of Permanent Reserve Shares (Section 5004 of the Act) (Section 1075.400 of this Part).....\$ 1,000.00
- e) Conversion from Savings Bank Charter to any Federal Charter (Section 8001 of the Act).....One (1) times the last total annual Supervisory Fee calculated and assessed against the Savings Bank as set forth in Section 1075.130(a) and (b).
- f) Hearing or Oral Argument -- each applicant requesting a hearing or oral argument and/or each objector requesting a hearing or oral argument and/or each adversary participating in a hearing or oral argument (Section 9018 of the Act) (Sections 1075.725 and 1075.900 of this Part).....\$ 500
Each applicant requesting a hearing or oral argument and/or each objector requesting a hearing or oral argument and/or each adversary participating in a hearing or oral argument shall bear its pro rata share of all expense incurred in said proceedings.
- g) Application for Subsidiary Acquisition Fee (Section 2004 of the Act).....\$ 250
- h) Conversion from Mutual to Capital Stock Form of Ownership (Section 5004 of the Act) (Subpart O of this Part)
- i) Acquisition of Control of a Savings Bank (Section 5002, 5004 and 5006 of the Act) (Subpart N of this Part).....\$ 10,000.00

.....\$ 500 570000-00

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- jj) ~~Permission to Sell Capital Stock Purchased by a Director on Original Issue in a Conversion from Mutual to Stock Form of Ownership (Section 5004 of the Act) (Section 1075.1090(b))~~
- 1) Photocopy and Duplication Fees
- 1) Photocopies (per page per page).....\$.25
 - 2) Savings Bank Act (bound edition).....\$ 25.00
 - 3) Rules (bound edition).....\$ 25.00
 - 4) Annual Report (additional copies).....\$ 25.00
 - 5) Mailing Labels.....\$ 35.00
- k) Holding Company Registration Fee
(Section 2002 of the Act).....\$ 1,000
- 1) Application for Subsidiary Acquisition Fee, Illinois Savings Bank Holding Company (Section 2004 of the Act).....\$ 250
- m) The following fees apply to mutual holding company transactions:
- 1) Mutual Holding Company Reorganization with resulting savings bank stock offered to party other than the mutual holding company (Section 2007 of the Act).....\$ 10,000
 - 2) Mutual Holding Company Reorganization with no resulting savings bank stock offered to any party except the mutual holding company (Section 2007 of the Act).....\$ 3,000
 - 3) Subsequent Offerings:
A) First Offering of resulting Savings Bank stock to a party other than the Mutual Holding Company after reorganization described in subsection (m)(2) of this Section.....\$ 7,000
B) All other Offerings to a party other than the Mutual Holding Company.....\$ 1,000
 - 4) Conversion of Mutual Holding Company to Stock Holding Company (Section 2007 of the Act).....\$10,000

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.130 Supervisory Fees

- a) The Commissioner shall receive and there shall be paid to the Commissioner by each savings bank and each service corporation operating under the Act, a fixed fee of \$450.00, plus a variable fee based on the total assets of each savings bank and each service corporation as shown on the financial report filed with the Commissioner for the reporting period of the prior calendar year ended December 31 according to the following schedule: 22.5¢ per \$1,000 of the first \$2,000,000 of total assets, 20.25¢ per \$1,000 of the next \$3,000,000 of total assets, 18.0¢ per \$1,000 of the next \$5,000,000 of total assets, 15.75¢ per \$1,000 of the next \$15,000,000 of total assets, 13.5¢ per \$1,000 of the next \$25,000,000 of total assets, 11.25¢ per \$1,000 of the next \$50,000,000 of total assets, 9.0¢ per \$1,000 of the next \$400,000,000 of total assets, 6.75¢ per \$1,000 of

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the next \$500,000,000 of total assets, and 4.5¢ per \$1,000 of all total assets in excess of \$1,000,000,000 of such savings bank or service corporation. In the situation where service corporations and/or finance subsidiaries are owned by the savings bank, the owned assets may be consolidated with the assets of the savings bank for calculation of this fee. If the finance subsidiary is not active and is in the form of a Collateralized Mortgage Obligation or a similar vehicle (Mortgage Backed Securities, Real Estate Mortgage Income Certificates, and other securitized debt instruments), the Commissioner shall waive that portion of the fee attributed to the finance subsidiary.

- b) The Commissioner shall receive and there shall be paid to the Commissioner by each savings bank a fee of \$450.00 for each approved branch office or facility office established under Subpart G of this Part. The determination of such fees shall be made annually as of the close of business of the prior calendar year ended December 31.
- c) One fourth of the sum of the supervisory fee so determined shall be remitted as billed by the Commissioner at the time of each calendar quarter end: A calendar quarter end shall mean--March--31--June--30--September--30--and--December--31. Such fees shall be for the respective current year.
- d) Supervisory fees shall be determined by the Commissioner within ninety (90) days following the close of the respective calendar year; however, the dates of billings shall not prejudice the validity of an invoice for any such fees billed at a later date.

- e) In the event the state charter is converted or otherwise surrendered during the year, the Commissioner shall determine the supervisory fee based on the total assets of the savings bank as of the month-end immediately preceding the cancellation of the state charter, except that the measurement date may be another date at the discretion of the Commissioner in the event a savings bank elects to liquidate. In determining whether to set another measurement date, the Commissioner shall consider the following elements: whether the savings bank is undergoing a planned liquidation (where a savings bank elects to not continue operations), or, the savings bank has transferred significant assets (more than 1/2 of 1 percent of the total assets at the previous measurement date).

- f) The Commissioner may waive part of the first annual supervisory fee specified under subsection (a) above, for a savings and loan association that has paid the fee for conversion to federal charter as required under the rules promulgated pursuant to the Illinois Savings and Loan Act of 1985 (38 Ill. Adm. Code 400.110(b)). Such waiver, if any is granted, shall be in accordance with the following schedule:

- 1) for conversions that were completed less than twelve (12) months but greater than six (6) months before the issuance of a savings bank charter, 25 percent may be waived; and
- 2) for conversions that were completed less than six (6) months before the issuance of a savings bank charter, 50 percent may be

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waived.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.140 Adjusted Supervisory Fees

- a) The Commissioner shall receive and there shall be paid to the Commissioner an additional fee as an adjustment to the supervisory fee specified in Section 1075.130 of this Part, to be based upon the difference between the total assets of each savings bank and each service corporation as shown by its financial report filed with the Commissioner for the reporting period of the calendar year ended December 31 on which the supervisory fee was based, and the total assets of each savings bank and each service corporation as shown by its financial report filed with the Commissioner for the reporting period of the calendar year ended December 31 in which the quarterly payments referred to in Section 1075.130 of this Part are made according to the following schedule: 22.5¢ per \$1,000 of the first \$2,000,000 of total assets, 20.25¢ per \$1,000 of the next \$3,000,000 of total assets, 18.0¢ per \$1,000 of the next \$5,000,000 of total assets, 15.75¢ per \$1,000 of the next \$15,000,000 of total assets, 13.5¢ per \$1,000 of the next \$25,000,000 of total assets, 11.25¢ per \$1,000 of the next \$50,000,000 of total assets, 9.0¢ per \$1,000 of the next \$400,000,000 of total assets, 6.75¢ per \$1,000 of the next \$500,000,000 of total assets, and 4.5¢ per \$1,000 of all total assets in excess of \$1,000,000,000 of such savings bank or service corporation. In the situation where service corporations and/or finance subsidiaries are owned by the savings bank, the owned assets may be consolidated with the assets of the savings bank for calculation of this fee. If the finance subsidiary is not active and is in the form of a Collateralized Mortgage Obligation or a similar vehicle, the Commissioner shall waive that portion of the fee attributed to the finance subsidiary.

- b) Adjusted supervisory fees shall be remitted as billed by the Commissioner on March 31 of the next calendar year. In the event the total assets of each savings bank and each service corporation as reported on the earlier financial report are more than the total assets as reported on the later annual report, the Commissioner shall credit the next quarterly remittance of the supervisory fee in the same proportion.

- c) In the event the state charter is converted or otherwise surrendered during the year, the Commissioner shall determine the supervisory fee based on the total assets of the savings bank as of the month-end immediately preceding the cancellation of the state charter, except that the measurement date may be another date at the discretion of the Commissioner in the event a savings bank elects to liquidate. In determining whether to set another measurement date, the Commissioner

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shall consider the following elements: whether the savings bank is undergoing a planned liquidation (where a savings bank elects to not continue operations); or, the savings bank has transferred significant assets (more than 1/2 of 1 percent of the total assets at the previous measurement date).

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.141 Special Credit

The Commissioner shall issue a credit memorandum which each savings bank operating under the provisions of the Illinois Savings Bank Act [205 ILCS 205] may use to offset balances owed from the Supervisory Fee calculated in Section 1075.140 of this Part. The credit shall be calculated based on the total assets reported by each savings bank as of December 31, 1996 as follows: 2.25¢ per \$1,000 of the first \$2,000,000 of total assets; 2.025¢ per \$1,000 of the next \$3,000,000 of total assets; 1.8¢ per \$1,000 of the next \$5,000,000 of total assets; 1.575¢ per \$1,000 of the next \$15,000,000 of total assets; 1.35¢ per \$1,000 of the next \$25,000,000 of total assets; 1.125¢ per \$1,000 of the next \$50,000,000 of total assets; .9¢ per \$1,000 of the next \$400,000,000 of total assets; and .675¢ per \$1,000 of the total assets in excess of \$500,000,000 of such savings bank. In addition, the credit shall include a fixed amount of \$400.

(Source: Added at 22 Ill. Reg. _____, effective _____)

SUBPART C: REPORTS

Section 1075.310 Financial Reports

Each savings bank shall file monthly and quarterly financial reports on such forms as are prescribed by the Commissioner. Such reports shall be delivered to the Commissioner by the last twentieth (20) day of the month following the month-end or fiscal quarter end for which the report applies. Any savings bank that fails to submit required reports in the time prescribed by this Section shall be subject to fine as provided for in the Act.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART D: OPERATIONS

Section 1075.400 Capital Stock (Repealed)

a) A savings bank proposing to adopt an amendment to its Articles of Incorporation to provide for the issuance of capital stock pursuant to

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Section 5004 of the Act shall comply with Section 4002, 5003, and 5004 of the Act. In addition, the following shall be filed with the Commissioner:

- 1) one certified copy of the board of directors' resolution adopting the proposed amendment to the Articles of Incorporation, which amendment shall incorporate the Plan of Conversion from mutual to stock form of ownership; and
- 2) one copy of all forms, filings and amendments thereto necessary to comply with applicable Federal Deposit Insurance Corporation regulations;

b) Upon receipt of all documents enumerated in subsection (a) above, the Commissioner shall issue a Certificate of Approval of amendment to the Articles of Incorporation:

(Source: Repealed at 22 Ill. Reg. _____, effective _____)

Section 1075.430 Maintenance of Records

To enable the Commissioner to examine a savings bank, holding company, service corporation or affiliate of a savings bank pursuant to Section 9004 of the Act, each savings bank shall establish and maintain accounting and other records of all business transacted, and the documents, files and other material comprising such records shall at all times be available for examination wherever any of such files, documents or materials may be. At a minimum, a savings bank and service corporations shall establish and maintain the following records.

a) Disbursement Records

A savings bank's funds shall be disbursed in accordance with a resolution adopted by the board of directors and reviewed at least annually. Each disbursement shall be documented to show the date, the amount and the purpose of the disbursement and the names of the person or persons or other entities receiving such disbursements whether paid directly, indirectly or through an escrow.

b) Record Retention

1) Before approving any loan or issuing any commitment, a savings bank shall determine that every person that proposes to become liable to the savings bank has the financial ability to service the proposed debt. The procedure for determining the financial capacity of every person that proposes to become liable to the savings bank shall be in accordance with procedures adopted by the board of directors and reviewed at least annually. Thereafter, a savings bank shall retain the application and other documentation supporting each loan, as well as the complete servicing record, as part of the records of the savings bank throughout the duration of the savings bank's investment in the respective loan.

2) A savings bank shall retain each rejected loan application and

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the information in support thereof for a period of thirty-six (36) months following such rejection.

c) The Savings Bank shall:

- 1) require every borrower that is:
 - A) a trust to provide a certification by the trustee listing the current beneficiaries of the trust;
 - B) a corporation to provide a certification by the corporate secretary listing the names and percentage of ownership of all 10 percent or more shareholders; and
 - C) a partnership to provide a certified list of partners.
- 2) retain such documents as a part of the savings bank's records and that shall be maintained throughout the duration of the savings bank's investment in the respective loan.

d) ~~The approval for any loan or other investment made or to be made by a savings bank shall be given only by persons authorized by a resolution adopted by the board of directors at least annually, the conditions of approval and the signature of the person or persons granting such approval shall become a part of the savings bank's records.~~e) ~~No disbursement shall be made on any loan or other investment until the loan or other investment is entered on the books of the savings bank and is in compliance with this Part.~~d) ~~f) Loan Registers~~

- 1) A savings bank shall maintain one or more loan registers which shall contain the original entry and be a permanent record, and shall show for every loan the account number, date of the loan, amount of the loan, name of the borrower, nature of security by types, the amount of fees, the amount of the note, including precomputed loans, rate of interest, the term of the loan, and such other information as desired by the savings bank.

- 2) All loan registers shall be kept numerically by number of loans in order made.

e) ~~g) Loans Secured By Real Estate~~

- 1) An application for the loan, signed by the borrower or its agent, in such form and containing such information as will disclose the purpose for the loan, that is construction, purchase, refinancing, and the identity of any security property.
- 2) A note evidencing the borrower's debt to repay the amount of the loan, executed by the borrower or its agent.
- 3) A copy of the deed of trust or mortgage instrument on the real estate or other document customarily used in the jurisdiction in which the real estate security is located, evidencing the creation of a security interest in the real estate for the benefit of the lender, which deed of trust, mortgage instrument, or other document has been signed by the borrower or the borrower's agent; and, if the loan is made to finance the purchase of the real estate security for the loan, a signed statement by the borrower or its agent, as part of or as an

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attachment to the application for the loan, disclosing the purchase price of such real estate security.

- 4) One or more written appraisal reports, prepared at the request of the lender or its agent and for the lender's use, and signed before the approval of such application (except in the case of an approval conditioned upon obtaining an appraisal) ~~that satisfies the requirements of Section 6001 of the Act~~ or, if such loan is an insured loan or a guaranteed loan, a certification of the valuation assigned to real estate security by the appraiser accepted by the insuring or guaranteeing agency and furnished to the lender by such agency. Loans of less than \$250,000 may be supported by estimates of value other than an appraisal.

- 5) Documentation showing the financial ability of the borrower to repay the loan, or a written credit report prepared by the savings bank or by others at the request of the savings bank.

- 6) Documentation showing when and by whom such loan was approved and any terms of such approval.

- 7) Documentation showing the date, amount, purpose, the recipient of every disbursement of the proceeds of such loan, and to the best of the lender's knowledge, any actual recipient of any proceeds when the stated recipient is acting as an agent or intermediary for another.

- 8) An opinion signed by the lender's attorney, a title insurance policy, or other documentary evidence customarily used in the jurisdiction in which the real estate security is located, affirming the quality and validity of the lender's lien on the real estate security for the loan.

- 9) Documentation showing that the savings bank, upon the closing of the loan, furnished to the borrower, a loan settlement statement setting forth in detail the charges or fees the borrower has paid or is obligated to pay to such savings bank or to any other concern or person in connection with the loan, which documentation shall include a copy of the loan settlement statement.

- 10) A record showing the status and current payment of taxes, assessments, insurance premiums, other charges on the security for the loan, and documenting any loss incurred on the loan security, as well as any amounts recovered pursuant to an insurance settlement of such loss.

- 11) Documentation evidencing any modifications of the original documents by which a security interest for the benefit of the lender was created, showing appropriate approval of each party to such modification.

- 12) Documentation evidencing any release of any portion of the collateral pledged to secure the loan, showing the portion of the collateral released, the consideration, if any, paid to effect such release, and a record of the appropriate approval of each such release.

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f)h) Loans Not Secured By Real Estate

The records with respect to each unsecured loan or loan not secured by real estate that the savings bank makes shall include the documents referred to in subsection (g) above which are relevant to the loan. If the loan is secured by collateral other than real estate, the lender's records also shall include documents evidencing the creation and perfection of a security interest in the collateral, including any financing statement. In addition, if the loan is made to a business entity, the records shall include documentation showing whether the obligor on the loan can generate sufficient cash flow to meet scheduled interest and debt reduction payments, and if not sufficient, the records shall include documentation demonstrating the anticipated source of the borrower's payments.

h) Records With Respect to the Acquisition of Mortgaged Security
A savings bank shall maintain a record which discloses every instance that it commences action to acquire the real estate security for a loan by foreclosure or otherwise, and the ultimate disposition of such action. Such record shall include identification of the real estate security and loan, shall itemize all fees and charges incurred in such action, shall name the recipient or recipients to whom any such fees and charges were paid, and shall identify the holder of title to such real estate as a result of such action.

j) Records With Respect to Deposit Accounts
The records of a savings bank with respect to each deposit account it issues shall include the signature of the owner of such account or the duly authorized representative of such owner together with a record reflecting the balance in such account. Notwithstanding the preceding requirement, no account signature card for a trust executed by its trustee(s) or of information disclosing the names of the settlor or trustee(s) of the trust need be maintained in the record of a savings bank.

k) Minutes of Meetings
All minutes of meetings of the board of directors, committees of the board of directors, and management committees shall be maintained at the corporate offices of the savings bank. All minutes of meetings of the board of directors of a savings bank shall be recorded in books with prenumbered pages. The use of any non-consecutive numbered page shall be supported by a signed affidavit from the corporate secretary indicating the reason for the use of non-consecutive numbered pages.

g) Transfer of Records
A savings bank shall not transfer the location of any of its general accounting or control records from its home office to a branch or other office, or from a branch or other office to its home office or to another branch or office unless the savings bank has sent prior written notice of such transfer to the

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Commissioner.

h)m) Data Processing

1) A savings bank which maintains its records by a data processing service shall, before establishing such service, notify the Commissioner in writing. Such notice shall be delivered at least ninety (90) days before the date on which such maintenance of records will begin. Such notification shall include identification of the records to be maintained by data processing services and a statement as to the location at which such information will be maintained. Any contract shall expressly provide that the records to be maintained by such services shall at all times be available for examination by the Commissioner.

2) A savings bank's data processing service center shall provide, annually, a copy of the third party audit review, if performed.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.480 Manner of Display of Annual Meeting Notice

Notice as required pursuant to Section 4003(a) of the Act shall be prominently displayed and take such form as required in the following: a) on a sign, poster, or paper no smaller in size than 8 1/2 inches by 11 inches; b) with bold print no smaller than 12 points; and c) located in plain view of customers at each business location with at least one (1) copy on or near each door or entrance accessible to the general public.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART E: INVESTMENTS

Section 1075.505 Investment Underwriting Practice

A savings bank may grant a loan or invest in other authorized assets under the Act.

a) For all types of secured and unsecured loans granted, and other investments entered into, a savings bank's board of directors shall establish and approve, at least annually, written loan underwriting and other investment policies and procedures. These policies and procedures shall set forth criteria sufficient to allow a decision to be made in accordance with Section 1075.500 of this Part.

b) Documentation for each loan and other investment shall identify the specific statutory and/or regulatory provision under which it was approved.

c) A loan or other investment may be apportioned among appropriate categories, and may be moved, in whole or part, from one category to another as follows.

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- 1) To classify a loan as a real estate loan, a savings bank must rely substantially upon the real estate as the primary security for the loan.
- 2) For purposes of determining whether aggregate investments under this Part exceed an applicable percentage-of-assets limitation, a loan commitment shall be counted as an investment and shall be included in total assets of a savings bank only to the extent that funds have been advanced (and not repaid) pursuant to the commitment. The term "loan commitment" used in the preceding sentence includes a loan in process, a letter of credit, or any other commitment to extend credit.
- 3) Loans sold to a third party shall be included in calculation of a percentage-of-assets investment limitation only to the extent they are sold with recourse.
- 4) A savings bank may make a loan secured by assignment of loans to the extent that it could, under applicable law and regulations, make or purchase the underlying assigned loans.

c) ~~With~~ The written policies and procedures pertaining to loans secured by collateral other than real estate, mobile home chattel paper, or the cash surrender value of life insurance shall provide specific procedures for determining the value of the respective collateral. ~~The procedures shall provide that every appraisal or reappraisal shall be made by an independent qualified appraiser or designated by the board of directors. The appraiser must be properly licensed and certified by the entity authorized to govern licensure and certification of appraisers and must meet the requirement of the Appraisal Subcommittee pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (12-U.S.C. 3301 et seq.) as defined in Section 600(1)(g) of The Act.~~

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.515 Loans Secured by Real Estate

- a) A savings bank may originate, invest in, sell, purchase, service, participate, or otherwise deal in (including brokerage or warehousing) real estate loans or interest in such loans.
- b) ~~In determining compliance with the maximum loan-to-value limitations specified in Subpart E of this Part, a savings bank shall add to the loan amount the total of all other existing liens or other encumbrances on the security property having priority over the savings bank lien (including the lien to be established by the savings bank but excluding liens that will be released as the result of payments made from the proceeds of the new loan).~~
- c) At the time of origination, a real estate secured loan granted under the provisions shall not exceed the maximum loan-to-value ratio as follows.

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- 1) ~~At the time of origination, a real estate loan may not exceed 95 percent of the market value of the security property. A savings bank shall, by a vote of its board of directors, establish maximum loan-to-value ratios for loans made on the security of real estate, and the resolution adopting such ratios shall be included in the minutes of the directors' meeting. Home loans made on the combined security of real estate and savings accounts may be made in excess of the maximum loan-to-value ratios adopted pursuant to this section with such excess secured by the savings account. However, for loans originated in excess of 99 percent of the initial appraised value of the security property, the savings account shall consist only of funds belonging to the borrower or the borrower's family, or the borrower's employer.~~
- 1) ~~With the respect to home loans originated or refinanced in excess of 90 percent of the appraised value of the security property, that part of the unpaid balance that exceeds 80 percent of the property's value shall be insured or guaranteed by a mortgage insurance company that the Office of Banks and Real Estate has determined to be a qualified private insurer.~~
- 2) ~~With respect to all other loans on the security of real estate originated in excess of 90 percent of the appraised value of the security property, a savings bank's board of directors, or loan committee, shall approve each such loan before its origination and such approval, or ratification of the loan committee approval, shall be recorded in the minutes of its meeting.~~

3) ~~In determining compliance with the maximum loan-to-value ratio limitations for real estate loans, at the time of making a loan a savings bank shall add together the unpaid amount, or in the case of a line-of-credit loan the approved credit limit, of all recorded loans secured by prior mortgages, liens or other encumbrances on the security property that would have priority over the savings bank's lien, and shall not make such a loan unless the total amount of such loans (including the one to be made but excluding loans that will be paid off out of the proceeds of the new loan) does not exceed the applicable maximum loan-to-value ratio limitations prescribed in subsection (c) above. In valuing the real estate security, a savings bank may use the current appraised value of the security property, which may include any expected value of improvements to be financed. "Value" for a real estate loan means the market value of the real estate. For loans granted pursuant to Section 6002(3) of the Act, alternative methods of valuation or other procedures that result in an estimate of value may be used.~~

- 5) ~~At origination, the loan balance may not exceed the maximum loan-to-value ratios established pursuant to this Part. During the term of the loan, the loan-to-value ratio may increase above the maximum permissible percentage if the increase results from an adjustment authorized by subsection (c) or subsection (c)(1).~~

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above--The Office of Banks and Real Estate will assume continued compliance with the loan-to-value limitations where the original ratio met the requirements of subsection (c) above, but in no event may the loan balance exceed 100 percent of the original appraised value of the property during the term of the loan unless pursuant to subsection (c)(6)(B)(i) of this Section or unless the loan contract provides that the payment shall be adjusted at least once every five (5) years, beginning not later than the tenth (10th) year of the loan, to a level sufficient to amortize the loan at the then existing interest rate and loan balance over the remaining term of the loan, if at maturity of a home loan that provides for adjustments pursuant to subsection (c)(6) of this Section, the ratio of the loan balance to the current market value of the security property exceeds the maximum permissible under this Part, the savings bank may offer to refinance the loan if:

A) it complies with subsection (c)(2) above; and

B) the loan contract requires that, in addition to full or partial amortization of the loan, the pro-rata portion based on the number of installments due annually, of estimated annual taxes and assessments on the security property be paid in advance to the savings bank with each installment payment.

6) Adjustments for any home loan secured by borrower-occupied property or property to be occupied by the borrower, adjustments to the interest rate, payment, balance, or term to maturity shall comply with the limitations of subsection (c)(5) above.

A) Adjustments to the interest rate shall correspond directly to the movement of an interest rate index or of a national or regional index that measures the rate of inflation or the rate of change in consumer disposable income, which index is readily available to and verifiable by the borrower and is beyond the control of the savings bank. A savings bank also may increase the interest rate pursuant to a formula or schedule that specifies the amount of the increase, the time at which it may be made, and which is set forth in the loan contract. A savings bank may decrease the interest rate at any time.

B) Adjustments to the payment and the loan balance that do not reflect an interest rate adjustment may be made if:

i) the adjustments reflect a change in a national or regional index that measures the rate of inflation or the rate of change in consumer disposable income, is readily available to and verifiable by the borrower and is beyond the control of the savings bank;

ii) in the case of a payment adjustment, the adjustment reflects a change in the loan balance or is made pursuant to a formula, or to a schedule specifying the

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percentage or dollar change in the payment as set forth in the loan contract; or

iii) in the case of an open end line of credit loan, the adjustment reflects an advance taken by the borrower under the line of credit and is permitted by the loan contract.

E) Any combination of indices or a moving average of index values may be used as an index and a savings bank may use more than one index during the term of a loan if set forth in the loan contract.

B) In the case of an open end line of credit loan, notice of an adjustment to the payment or the balance need not be given if the adjustment reflects advances taken by the borrower under the line of credit, and advance notice of a change in the interest rate permitted by the loan contract (and any resulting change in the payment) need not be given in the case of a non or partially amortized loan (including a loan with a ceiling provision), a savings bank shall provide the borrower with notice of maturity at least ninety (90) but not more than one hundred twenty (120) days before the date of expected maturity.

B) The loan term may be adjusted only to reflect a change in the interest rate, the payment or the loan balance. A loan contract may provide a savings bank with the right to call the loan due and payable either after a specified number of years has elapsed following closing or upon the occurrence of a specified event external to the loan.

d) The loan-to-value limitations specified in subsection (c) above shall not apply to the following.

1) To loans guaranteed or insured wholly or in part by the United States or any of its instrumentalities.

2) To loans or contracts made to finance the purchase of real estate owned which has been acquired by the savings bank through default on a prior investment provided that the minutes of directors' meetings substantiate that such sale is made in compliance with the following:

A) the board of directors approved the specific terms of the loan or contract before the savings bank's issuance of a letter of commitment. If no letter of commitment is to be issued, such approval shall be before the execution of a note, mortgage, or contract for deed between the purchaser and the savings bank; and

B) the board of directors' resolution of approval of the respective sale specifically indicates why the sale is in the best interest of the savings bank and that said approval is given after duly considering the provisions of Subpart E of this Part;

C) the resolution identifies the specific documentation they

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have utilized in determining that the sale was in the best interest of the savings bank; and

- D) all documentation used in evidencing compliance with Subpart E of this Part is retained as a part of the records of the savings bank for so long as the savings bank has a direct or indirect interest in the respective real estate.

- 3) Loans or contracts having additional eligible collateral pledged in an amount equal to that part of the loan or contract which is in excess of the lending limitations specified in subsection (c) above. Eligible collateral means:

- A) any investment permissible for savings banks under the Act;
- B) any savings or time deposit in a commercial bank which deposit is insured by the Federal Deposit Insurance Corporation and not under control of any supervisory authority; or
- C) the cash surrender value of a life insurance policy validly assigned to the savings bank.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.520 Construction Loans

Construction lending policies and procedures shall provide that

- a) No disbursements shall be made unless in conformity with a sworn contractor's statement or amended statement, which statement or amended statement shall comply with the mechanics' lien laws of the State in which the collateral property is located and shall be kept on file at the savings bank throughout the duration of the savings bank's investment in the respective loan.
- b) No construction funds shall be disbursed before receipt of a written statement indicating that the work for which payment is being requested has been completed. Such written statement shall be furnished by a person authorized by the board of directors.
- c) No construction funds shall be disbursed unless approved by the borrower or the borrower's authorized agent. A blanket authorization may be accepted.
- d) The savings bank shall at all times retain construction funds sufficient to complete the improvements in accordance with the contractor's sworn statement or amended statement. A savings bank may take into consideration equity provided by the borrower in the form of a waiver.
- e) Waivers of mechanics' liens shall be required and shall be delivered to the savings bank or its agent before each disbursement of construction funds unless a lien free form of title insurance policy is obtained before such disbursement.

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(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.525 Mobile Home Financing (Repealed)

- a) Manufactured-home-chattel-paper---the-term-"manufactured-home-chattel paper"---means-a-document-evidencing-an-installment-sales-contract-or-a loan-or-interest-in-a-loan-secured-by-a-lien-on-one-or-more-manufactured-homes-and-equipment-installed-or-to-be-installed-therein. Manufacturer's-invoice-price---the-term-"manufacturer's-invoice-price" means-a-manufacturer's-itemized-charges-shown-on-its-invoice-for-a specifically-identified-manufactured-home-furnishings-equipment-and accessories-installed-by-the-manufacturer-and-freight.
- i) General-Investment-Authority---pursuant-to-Section-6002-of-the Act-a-savings-bank-may-invest-in-manufactured-home-chattel-paper and-interests-therein-without-limitation-as-to-percentage-of assets-

- 2) Inventory-Financing---a-savings-bank-may-invest-in-manufactured home-chattel-paper-which-finances-a-manufactured-home-dealer's acquisition-of-inventory-if:
 - A) the-inventory-is-held-for-sale-by-the-dealer-in-its-ordinary course-of-business;
 - B) the-loan-evidenced-by-the-chattel-paper-is-the-dealer's debt;-and
 - C) the-loan-amount-does-not-exceed-the-following:
 - i) for-new-manufactured-homes-95-percent-of manufacturer's-invoice-price-for-each-manufactured home-and-equipment-to-be-installed-by-the-dealer-or
 - ii) for-used-manufactured-homes-75-percent-of appraised market-value-or-other-generally-accepted-valuation-of each-manufactured-home-including-installed-equipment;

3) Retail-Financing

- A) Insured-and-Guaranteed-Loans---a-savings-bank-may-invest-in retail-manufactured-home-chattel-paper-that-is-insured-or guaranteed;-or-that-has-a-commitment-for-such-insurance-or guarantee;
- B) Conventional-Loans---a-savings-bank-may-invest-in conventional-retail-manufactured-home-chattel-paper-if:
 - i) the-manufactured-home-is-located-at-a-manufactured home-park-or-other-permanent-or-semi-permanent-site;
 - ii) the-manufactured-home-chattel-paper-is-payable-within twenty-(20)-years;-in-monthly-payments-which-are substantially-equal-except-to-the-extent-that-the financing-complies-with-mortgage-provisions-authorised under-the-Act-and-Section-1075.515-of-this-Part;-and
 - iii) the-financed-amount-(excluding-time-price-differential or interest, however computed) does not exceed: in the case-of-a-new-manufactured-home, 60-percent-of-the

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buyer's total costs, including freight, itemized set-up charges, sales or other taxes, filing and recording fees imposed by law and premiums for related insurance or in the case of a used manufactured home, 99 percent of appraised market value or other generally accepted valuation of the manufactured home plus sales and other taxes, filing and recording fees imposed by law, premiums for related insurance, and freight and itemized set-up charges, if any.

e) Combination Loans--a savings bank may invest in manufactured home chattel paper secured by combinations of manufactured homes and lots on the following terms:

i) Affixed Manufactured Homes--if the wheels and axles have been removed and the manufactured home is permanently affixed to a foundation, a loan secured by a combination of manufactured home and lot on which it sits may be treated as a home loan.

ii) Unaffixed Manufactured Homes--if the manufacture home is not affixed in the manner described in subsection (c)(3) (E)(i) above, a savings bank may make a loan secured by a combination of manufactured home and lot on which it is or is to be located if the financing complies with the requirements of subsection (c)(3)(B)(ii) above and the loan to value ratio does not exceed 75 percent of the appraised value of the lot and lot improvements and 99 percent of the buyers total costs of the manufactured home (or valuation of used manufactured home) as defined in subsection (c)(3)(B) above.

4) Sale of Paper--all manufactured home chattel paper sold by a savings bank shall be sold without recourse.

(Source: Repealed at 22 Ill. Reg. _____, effective _____.)

Section 1075.530 Overdraft Loans

A savings bank may extend secured or unsecured credit to cover the payment of checks, drafts, or other funds transfer orders in excess of the available balance of an account on which they are drawn, provided that the total of such extensions of credit plus unsecured or secured loans for business, corporate, commercial or agricultural purposes does not exceed 15 percent of total assets.

(Source: Amended at 22 Ill. Reg. _____, effective _____.)

Section 1075.535 Education Loans

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A savings bank may ~~shall~~ invest ~~not to exceed 5 percent of its total assets~~ in loans, debts, and advances of credit made for the financing of primary, secondary, undergraduate or post-graduate education.

(Source: Amended at 22 Ill. Reg. _____, effective _____.)

SUBPART F: SERVICE CORPORATION AND OPERATING SUBSIDIARIES

Section 1075.600 Requirements

a) No savings bank shall invest in or lend to a service corporation as defined in Section 1007.105 of the ~~the~~ Act unless said service corporation has been approved by the Commissioner.

b) Subpart F of this Part shall not apply to investments in single-purpose corporations authorized under Sections 1008(9) and 6009 of the ~~the~~ Act.

c) Savings banks may designate subsidiaries as operating subsidiaries as follows:

1) Upon approval of the Commissioner, a majority-owned and controlled subsidiary of a savings bank may be designated as an operating subsidiary provided that the subsidiary engages solely in activities that are permitted for a savings bank.

2) An operating subsidiary shall not be subject to the provisions pertaining to service corporations. Loans made by the savings bank to the operating subsidiary shall not be subject to Section 6013 of the Act.

3) A savings bank's total investment, including equity and debt securities and loans, in any operating subsidiary may not exceed the following level:

A) if the savings bank owns and controls more than 50% but less than 75% of the operating subsidiary's stock, the investment level shall not exceed 20% of the savings bank's total capital unless a greater amount is authorized in writing by the Commissioner;

B) if the savings bank owns and controls 75% but less than 100% of the operating subsidiary's stock, the investment level shall not exceed 50% of the savings bank's total capital unless a greater amount is authorized in writing by the Commissioner; and

C) if the savings bank owns and controls 100% of the operating subsidiary's stock, no investment limit shall apply.

4) Upon approval of the Commissioner, a subsidiary of an operating subsidiary may be designated as an operating subsidiary; provided that the lower tier subsidiary is wholly-owned and controlled by the upper tier operating subsidiary and engages solely in activities that are permitted for a savings bank.

5) Upon approval of the Commissioner, an operating subsidiary may

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invest in or lend to a service corporation, as defined in Section 1007.105 of the Act, to the same extent as a savings bank.

6) As used in this subsection (c):

"Subsidiary" means a corporation, limited liability company, partnership, business trust, joint venture, pool, syndicate or other similar business organization.

"Majority-owned" means the savings bank owns more than 50% of the voting interest (or similar controlling interest) of the subsidiary.

"Control" means effective operating control.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART G: RELOCATIONS AND BRANCHING

Section 1075.700 General

a) A branch office of a savings bank is any office other than its home office, drive-in facility, pedestrian facility, agency office, or a remote service unit.

b) Any business of a savings bank may be transacted at a branch office. When a branch office provides any product, it must have all the resources necessary to support that product offering at the branch location.

c) A savings bank shall not establish a branch office nor change the location of its home office unless its respective application has been approved by the Commissioner. An application shall be approved only if the Commissioner finds that:

- 1) the office can be established at the proposed location without undue injury to properly conducted existing savings banks or other existing financial institution;
- 2) the policies and financial condition of the applicant are not a basis for supervisory objection; and
- 3) the proposed office will open within twelve (12) months of approval unless occupancy is delayed by circumstances beyond the control of the applicant and, consequently, additional time is allowed by the Commissioner.

d) A savings bank proposing a change of location of its home office or branch office may request a waiver of the otherwise applicable requirements of Subpart G of this Part. The request will be approved only if:

- 1) the Commissioner can make the same findings as those required at subsection (c) above;
- 2) the applicant demonstrates that the area to be served from the

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proposed location is essentially the same as that served from the present location;

- 3) the applicant gives the reason(s) for the change of location; and
- 4) the applicant submits a request which sets forth information sufficient to allow the making of all determinations required by subsection (d) above.

e) If requested by the applicant, the Commissioner shall approve a temporary location of a home office or a branch office if the temporary location is:

- 1) in the immediate vicinity of the approved permanent location; and
- 2) not more competitive to any other properly conducted existing savings bank than the approved permanent location.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.720 Protest

Protests, answers to protests and other related communications shall be in writing and submitted only as provided in this Section.

a) Within ten (10) calendar days following the date of publication of Notice of Application (or twenty (20) calendar days after the date of publication if extension is requested in writing within such ten (10) day period) any person may file a communication in favor or protest of the application with the Commissioner. Any person filing such a communication shall simultaneously furnish a copy to the applicant.

b) Within fifteen (15) calendar days after receipt of a protest, the objector and the applicant shall be advised in writing whether the Commissioner considers the protest to be substantial.

c) No protest shall be considered "substantial" unless it is in writing, filed on time, and contains at least the following:

- 1) a summary of the reasons for the protest;
- 2) the specific matters in the application to which objection is raised and the reasons for each objection;
- 3) facts supporting the protest, including relevant economic or financial data; and
- 4) adverse effects on the objector which may result from approval of the application.

d) The Commissioner's determination as to whether a protest is "substantial" shall be made on the basis of data showing undue injury to properly conducted existing savings bank(s) or other financial institutions and/or data disputing the propriety of information set forth in the respective application.

e) Within twenty (20) calendar days following the date of notice that a protest has been considered substantial, the applicant may file an answer to such protest with the Commissioner.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

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Section 1075.730 Application for the Maintenance of Branch Office after Conversion, Consolidation, Purchase of Assets or Merger

- a) With written approval of the Commissioner, a savings bank which acquires an office or offices through merger, purchase, purchase of all assets or consolidation shall assume the operation of any such acquired office(s), subject to Section 1075.740 of this Part. An existing financial institution which converts to a savings bank shall maintain all of its offices, existing or approved before the conversion, if such offices are set forth in its bylaws, adopted in accordance with Section 9001 of the Act, or if the Commissioner set forth in its bylaws shall be subject to Section 1075.740 of this Part.
- b) If the Commissioner has approved a Plan of Conversion from a savings bank charter for a savings bank or has evidence of a savings bank's intent to file such Plan of Conversion, he shall deny an application for a branch office.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.750 Remote Drive-In and/or Remote Pedestrian Facilities

- a) A savings bank may, without prior approval of the Commissioner other than approval of an appropriate bylaw amendment, establish a remote drive-in and/or remote pedestrian facility in conjunction with each savings bank business office. Each such facility may be designed to simultaneously accommodate more than one customer.
- b) The term "business office" means the business office premises including non-remote drive-in and/or non-remote pedestrian facilities which are those facilities within the boundaries of real estate on which a home office or any branch office is located and the areas contiguous thereto which the savings bank has the exclusive right as owner or lessee to use or maintain for ingress or egress or for parking in connection with that business office.
- c) Remote drive-in and remote pedestrian facilities are defined as follows:
- 1) A remote drive-in facility is a facility which is not located on the premises of a business office as defined in subsection (b) above and at which the customer transacts business from a vehicle.
 - 2) A remote pedestrian facility is a facility which is not located on the premises of a business office as defined in subsection (b) above and at which the customer need not enter an office but may remain outside the structure and transact business with a teller located inside the structure.
- d) Remote drive-in and remote pedestrian facilities shall be initially

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located within the following limitations: 1) Remote drive-in and/or remote pedestrian facilities must be initially located not more than 1500 feet from a business office of the establishing savings bank, and such initial location must be closer to a business office of the establishing savings bank than to a business office of any other savings bank or financial institution. 2) Such a facility may be placed in a store or location of some other business if the savings bank's quarters are used exclusively for the conduct of the savings bank's business. There will be no objection to a remote pedestrian facility which faces on an enclosed mall and serves pedestrians who remain in the mall while transacting business with the savings bank.

e) Functions which are routinely performed by the establishing savings bank's tellers at its business office(s) may be performed at a remote drive-in and/or remote pedestrian facility, however, the acceptance of a completed loan application is prohibited.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART J: SAVINGS BANK HOLDING COMPANIES

Section 1075.1100 Applicability

- a) Subpart J of this Part shall apply to stock holding companies or savings banks that directly or indirectly own or control or seek to own or control 25 percent or more of the voting shares or rights of any insured institution in any manner and to mutual holding companies and mutual savings banks reorganizing as mutual holding companies. This Subpart does not apply when such ownership arises in the regular course of business as set forth in Section 2001.05 of the Act.

- b) Except with the permission of the Commissioner and the Federal Reserve Board (FRB), no company shall become a savings bank holding company.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1105 Definitions

"Acquiree savings bank" means any subsidiary savings bank, other than a resulting savings bank, that is acquired by a mutual holding company as part of, and concurrently with, a mutual holding company reorganization and is in mutual form immediately prior to such acquisition.

"Affiliate" means any company that controls, is controlled by, or is under common control with a person.

"Assets" means the total assets of the savings bank minus goodwill and

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any other intangible assets, including but not limited to, purchased deposit base and branch network, and leasehold improvements net of accumulated depreciation.

"Books--of--records"--means--where--the--original--accounting--entries--are recorded--presented, etc.--and maintained as a part of--an--accounting number--finally--presented--in--the--financial--statements--of--an--entity. Examples include:--check--registers--loan--registers--cash--disbursements ledgers--capital--asset--ledgers--general--ledgers--working--trial--balances.

"Capital stock" includes permanent stock, guaranty stock, permanent reserve stock, any similar certificate evidencing non-withdrawable capital, preferred stock, or convertible preferred stock of a savings bank created or acquired under this Subpart or of a subsidiary, institution or holding company.

"Charter" includes articles of incorporation, articles of reincorporation, or any similar instrument, as amended, effecting (either with or without filing with any government agency) the organization or creation of an incorporated or unincorporated person.

"Company" means a corporation or partnership, a savings bank, a joint stock company, a trust or an unincorporated organization.

"Control" is defined as it is in Section 1007.35 of the Act.

"Eligible account holder" means any person holding a qualifying deposit as of a given date.

"Eligibility record date" shall mean the record date for determining eligible account holders of an institution.

"Employee" does not include a director or an officer.

"Equity security" means any stock or similar security or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such security, or any such warrant or right.

"Insured institution"--shall, for purposes of this Subpart, include any institution with accounts insured by--the--Federal--Deposit--Insurance Corporation--(FDIC).

"Member" means any person qualifying as a member of an insured institution pursuant to its charter or bylaws.

"Mutual savings bank" means a mutual savings bank organized and

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operating under the Act.

"Net worth" means the aggregate of capital stock accounts, capital surplus and retained earnings accounts and all other reserve accounts except valuation reserves and specific reserves which are in the nature of valuation reserves.

"Person" means an individual, a company, or a government or political subdivision thereof.

"Pre-existing depository institution" means a subsidiary depository institution that is not an acquirer savings bank, a resulting savings bank or a savings bank in mutual form when acquired.

"Purchase" and "Buy" include every contract to purchase, buy, or otherwise acquire a security or interest in a security for value.

"Qualifying deposit" means a deposit determined pursuant to Section 1075.1935 of this Part.

"Reorganizing savings bank" means a mutual savings bank that proposes to reorganize to become a mutual holding company pursuant to this Subpart.

"Resulting savings bank" means a savings bank in stock form that is organized as a subsidiary of a reorganizing savings bank to receive the substantial portion of the assets, all the insured deposits, and part or all of the other liabilities of the reorganizing savings bank.

"Sale" and "Sell" include every contract to sell or otherwise dispose of a security or interest in a security for value; but these terms do not include an exchange of securities in connection with a merger or acquisition approved by the Commissioner.

"Security" includes any stock, note, treasury stock, bond, debenture, transferrable share, investment contract, voting trust certificate, or, in general, any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant, or right to subscribe to or purchase any of the foregoing.

"Source documents"--means documents which record the transaction--of--a business--event--such as a sale of inventory--a purchase of a capital asset--establishment of a debt--or receipt of goods--ordered--typical source--documents--include--sales--invoices--bills of sale--purchase orders--and delivery tickets--periodic invoices--and statements of account--are also examples of source documents.

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"Stock" means common or preferred stock, or any other type of equity, security, including (without limitation) warrants or options to acquire common or preferred stock, or other securities that are convertible into common or preferred stock.

~~"Subsidiary" means a person who is an affiliate of the company, controlled by the person, directly or indirectly, through one or more intermediaries.~~

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1110 Mutual Holding Company Reorganizations

A mutual savings bank may reorganize to become a mutual holding company, or join in a mutual holding company reorganization or thereafter as an acquirer savings bank or a pre-existing depository institution, only upon satisfaction of the following conditions:

- A Reorganization Plan is approved by a majority of the board of directors of the reorganizing savings bank and any acquirer savings bank or pre-existing depository institution.
- A Reorganization Notice is filed with the Commissioner and the Commissioner has given written notice of its approval of the proposed reorganization as being in accordance with applicable law.
- The Reorganization Plan is submitted to the members of the reorganizing savings bank and any acquirer pursuant to a proxy statement cleared in advance by the Commissioner and such Reorganization Plan is approved by a majority two-thirds of the total votes of the members of each savings bank eligible to be cast at a meeting held at the call of each savings bank's directors in accordance with the procedures prescribed by each savings bank's charter and bylaws. When the Reorganization Plan involves acquiring a pre-existing depository institution, the Plan is submitted to the stockholders of the pre-existing depository institution and is approved by the majority of the total votes of the shareholders eligible to be cast at a meeting held at the call of the institution's directors in accordance with the institution's charter and bylaws.
- All necessary regulatory approvals have been obtained and all requirements of this Subpart are met.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1111 Subsidiary Holding Company

As part of a mutual holding company reorganization or thereafter, a mutual holding company may establish a subsidiary stock holding company which shall

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wholly own and control the resulting savings bank and any acquirer savings banks. A subsidiary holding company shall be subject to Sections 1075.1225 and 1075.1330 as if it were a resulting savings bank. The subsidiary holding company shall be subject to Section 1075.1275(c) as if it were the mutual holding company and the mutual holding company shall remain subject to Section 1075.1275(c). The Commissioner may impose other requirements to ensure that the members of the resulting savings bank and any acquirer savings bank have the same rights, opportunities, and protection as if no subsidiary stock holding company been established.

(Source: Added at 22 Ill. Reg. _____, effective _____)

Section 1075.1115 Prohibition Against Approval of Certain Applications for Reorganization

No application for reorganization may be approved by the Commissioner if:

- The plan of reorganization adopted by the applicant's board of directors is not in accordance with this Subpart;
- The reorganization reasonably could be expected to result in a resulting or acquirer savings bank or pre-existing depository institution with capital below requirements established by the Commissioner and by Federal law;
- The reorganization results in a taxable reorganization under the United States Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) and the Commissioner upon a written finding determines that the reorganization will endanger the safety and soundness of a resulting or acquirer or pre-existing preexisting savings bank; or
- A resulting savings bank does not secure insurance of its deposit accounts backed by the full faith and credit of the United States government before reorganization.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1210 Liquidation Account and Proxies

- Each mutual savings bank converting to form a holding company must establish a "liquidation account" for members of the mutual savings bank before conversion. The liquidation account may be maintained at a holding company level or by the savings bank. The total amount allocated to the liquidation account shall be equivalent to the amount of stock issued to the holding company by the stock subsidiary upon infusion of assets and liabilities to the stock subsidiary.
- Each member of the liquidation account who maintains an account in the stock subsidiary savings bank(s) shall be entitled, upon liquidation of the mutual holding company, to a fractional share of the value of the mutual holding company. The numerator of the fractional share

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- d) Upon creation of the resulting savings bank, the board of directors of the reorganizing savings bank shall nominate a board of directors for the resulting savings bank.
- e) A mutual holding company may provide for cumulative voting for directors in its bylaws.
- (Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1230 Stock of a Subsidiary of a Mutual Holding Company

- a) A resulting savings bank shall issue shares to the holding company only after sufficient assets to match transferred deposit liabilities are transferred to the resulting savings bank and, if applicable, an acquiree savings bank and after written confirmation of continuation of insurance of accounts is received from the deposit insurance corporation appropriate--Federal--Depositary--insurance--Corporation ~~or its agent~~.
- b) Stock issuance shall initially be only common stock, but other classes of stock may be issued upon application to and approval by the Commissioner.
- c) Each share of common stock shall entitle its owner to one vote.
- (Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1240 Net Worth Maintenance Agreement (Repealed)

- a) ~~The Commissioner shall require a mutual holding company to execute a Net Worth Maintenance Agreement for each subsidiary depository institution. Under this Agreement, the holding company shall contractually agree to infuse equity capital as needed to maintain capital at a predetermined level for each subsidiary depository institution. The Agreement shall:~~
- i) ~~be for a specified term and set a capital requirement at a level set by the Commissioner taking into account such factors as capital risk (the risk from normal internal operations of the savings bank), market volatility (external risk to the savings bank's operations generated by uncontrolled factors such as equity and bond markets, money supply, inflation), and stock ownership patterns (such as common voting common, preferred, non-voting preferred, etc.);~~
- 2) ~~explicitly consent to the Commissioner's authority to require infusion of additional equity capital when he determines the savings bank fails to meet its capital requirements;~~
- 3) ~~explicitly give the Commissioner the right to vote and dispose of the stock of any subsidiary institution whose capital is not restored within five (5) business days of the Commissioner's~~

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shall be the amount of qualifying deposits in the member's account on the record eligibility date, which date shall be set by the board of directors in their Plan of Conversion and/or application to form a mutual holding company, and/or the supplemental eligibility record date and the denominator of the fractional share shall be the total amount of qualifying deposits of all eligible and supplemental eligible account holders in the converting mutual savings bank on the eligibility record date. Any plan to liquidate the mutual holding company must be approved by the Commissioner and must satisfy all claims of creditors, including liquidation account holders. Any remaining value in the mutual holding company shall be transferred to the capital accounts of the subsidiary stock savings bank(s).

c) All proxies previously executed and assigned by members of the mutual savings bank converting to form a holding company shall remain valid and effective without impairment as long as the member maintains an account in the new stock savings bank.

d) A liquidation account need not be established under this Section if one is established under Section 1075.1225 and Subpart O of this Part.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1220 Directors of a Mutual Holding Company

- a) Each new board of directors for the mutual holding company shall be selected by vote of members, in a process to be determined by the bylaws of each entity.
- b) Each board of directors shall have at least five (5) members.
- c) Sections 4008, 4009, 4010, and Article 11 of the Act shall apply to a mutual holding company with regard to directors' vacancies, directors' attendance at meetings, qualifications to be a director, enforcement powers, and similar matters, except that the mutual holding company may file a written request for waiver of compliance with any provision with the Commissioner. Such request must provide detailed discussion of the grounds for such request. In determining whether to grant a waiver of compliance, the Commissioner shall consider the following factors, including, but not limited to:
- 1) whether where applications of those provision to mutual holding companies would be inappropriate because the provisions are where drafted for savings banks;
- 2) whether where a mutual holding company and its subsidiary meet or exceed all applicable capital requirements and are not in violation of any statutes or rules;
- 3) whether where there are no-current contested or regulatory matters; and
- 4) whether where waiver would work undue hardship or result in undue advantage or risk, prejudicing a situation currently or in the future.

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determination-of-the-need-for-additional-capital-and
 4) establish-procedures-to-effectuate-subsection-(a)(3)-above
 including-provision-of-notice-to-all-affected-parties-and
 selection-of-time-and-place-at-which-the-vote-and-disposition
 will-occur.

b) The-Commissioner-is-right-to-vote-stock-shall-include-all-shareholder
 matters-including-the-right-to-remove-and-replace-the-board-of
 directors-the-right-to-merge-the-savings-bank-and-the-right-to-sell
 the-stock.

c) The-Commissioner-shall-base-determination-of-a-capital-deficiency
 upon:

1) reports-from-the-subsidiary-savings-bank-or-the-mutual-holding
 company-and/or

2) audited-financial-statement-of-the-mutual-holding-company-or-the
 subsidiary-savings-bank-and/or

3) examination-including-examination-by-another-government
 regulatory-or-a-federal-deposit-insurance-company-of-the-mutual
 holding-company-or-the-subsidiary-savings-bank.

d) In-determining-adequacy-of-capital-the-Commissioner-shall-review-and
 examine-the-financial-condition-of-entities-which-are-affiliates-or
 subsidiaries-of-the-holding-company-and-of-the-subsidiary-savings
 bank-if-there-is-a-determination-by-the-Commissioner-that-the
 subsidiary-activity-of-the-holding-company-represents-a-higher-level
 of-risk-to-the-savings-bank-than-existed-before-the-application-of-the
 holding-company-formation-a-higher-capital-amount-shall-be-required
 and-the-basis-of-the-Commissioner's-decision-shall-be-communicated-in
 writing-within-thirty-(30)-days-to-the-savings-bank-and-holding
 company.

e) All-infusions-to-capital-under-this-Section-must-be-in-cash-or-cash
 equivalent-instruments-such-as-overnight-deposits-and-federal-funds.

(Source: Repealed at 22 Ill. Reg. _____, effective
 _____)

Section 1075.1245 Members' Rights

Rights of members of the resulting savings bank, acquiree savings bank, and any
 savings banks in the mutual form when acquired shall be transferred to the
 mutual holding company, except that a savings bank may eliminate borrowers'
 rights in the process of forming the holding company by incorporating a new
 definition of membership in the holding company's and subsidiaries' Articles of
 Incorporation. Each depositor in the resulting savings bank, an acquiree
 savings bank, and any savings banks in the mutual form when acquired shall be a
 member of the mutual holding company and shall have one vote for each \$100.00
 of value of each account; notwithstanding the foregoing restriction, a mutual
 holding company may upon giving notice to the Commissioner limit the number of
 votes cast by any persons to 1000 votes unless the Commissioner finds upon
 review of relevant law and facts, the limitation is inequitable to depositors.

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(Source: Amended at 22 Ill. Reg. _____, effective
 _____)

Section 1075.1270 Acquisition and Disposal of Subsidiaries

a) As permitted by the Act, the rules promulgated thereunder, and
 applicable federal law, a mutual holding company, with approval of its
 board of directors, the Commissioner, and its members, may:

1) acquire control of, or make non-controlling investments in the
 stock of, a stock depository institution or stock depository
 institution holding company;

2) acquire a mutual savings bank or savings bank, upon approval of
 acquiree's board of directors and members, pursuant to a merger
 into the resulting savings bank, into an acquiree savings bank,
 or into another savings bank that was in the mutual form
 when acquired or with a bridge charter;

3) acquire a mutual savings bank or savings bank holding company,
 upon approval of the acquiree's board of directors and members,
 by merging with the mutual savings bank holding company;

4) acquire control of, or make non-controlling investments in the
 stock of, other corporations.

b) A stock holding company may make acquisitions or investments or enter
 into mergers as permitted by the Act, the rules promulgated
 thereunder, and applicable federal law with approval of its board of
 directors, the Commissioner and its stockholders.

c) Each holding company disposing of a subsidiary shall give not less
 than thirty-(30) days prior notice of such planned disposition to the
 Commissioner. Disposal of a subsidiary must be approved by the
 Commissioner.

d) The Commissioner shall approve a transaction contemplated by this
 Section upon finding that the transaction complies with applicable
 law, has received necessary approvals under federal law, and is not
 inequitable to members or injurious to a savings bank.

(Source: Amended at 22 Ill. Reg. _____, effective
 _____)

Section 1075.1285 Access to Books and Records

The Commissioner shall have access Access to subsidiaries' and holding
 companies' books and records, shall-be-subject-to-the-Act-the-illinois
 Business-Corporations-Act-(805-1505-517)-and-the-illinois-freedom-of-information
 Act-(15-1505-140)-Access-to-the-books-and-records-of-savings-banks-held-as
 subsidiaries-shall-be-subject-to-Section-4013-of-the-Act.

(Source: Amended at 22 Ill. Reg. _____, effective
 _____)

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Section 1075.1305 Holding Company Filing Fees (Repealed)

~~Filings-pertaining-to-matters-named-hereafter-shall-be-subject-to-the-indicated fee--Such-fee-shall-be-paid-at-the-Office-of-Banks-and-Real-Estate-at-the-time of-filing--Payment-shall-be-by-check,-draft,-or-money-order-made-payable-to-the Office-of-Banks-and-Real-Estate-~~

- ~~a) Registration-fee
(Section-2002-of-The-Act)------\$1,000.00-~~

- ~~b) Conversion-of-Charter
(Article-8-of-The-Act)------\$2,500.00-~~

~~(Although-conversion-may-occur--if-a-state-chartered-savings-bank is-held--the--holding-company-will-still-have-to-be-licensed-by the-Office-of-Banks-and-Real-Estate-)~~

- ~~c) Hearing-or-Oral-Argument---each-applicant-requesting-a-hearing-or-oral argument-and/or-each-objector-requesting-a-hearing--or--oral--argument and/or-each-adversary-participating-in-a-hearing-or-oral-argument~~

~~(Section-9010-of-The-Act)------\$-500.00-~~

~~Each--applicant-requesting-a-hearing-or-oral-argument-and/or-each objector-requesting--a--hearing--or--oral--argument--and/or--each adversary--participating-in-a-hearing-or-oral-argument--shall-be-r its-pro-rata-share-of-all-expenses-incurred-in-said-proceedings:~~

- ~~d) Application-for-Subsidiary--Acquisition--Fee--Illinois--Savings--Ban: Holding-Company:~~

~~(Article-2005-of-The-Act)------\$-250.00-~~

- ~~e) Mutual-Holding-Company-Reorganization-(This-Subpart)------\$10,000.00~~

(Source: Repealed at 22 Ill. Reg. _____, effective _____)

Section 1075.1330 Conversion of Mutual Holding Companies

With approval of the Commissioner, upon a finding by the Commissioner that the conversion complies with applicable law, has received necessary approvals under federal law, and is not inequitable to members or injurious to a savings bank, a mutual holding company may convert to a capital stock holding company. Any capital stock issued and offered for sale by a converting holding company shall be offered in accordance with Subpart O of this Part except that:

- a) The words "mutual savings bank" shall refer to mutual holding company.
b) Section 1075.2170 of this Part shall not apply unless a subsidiary depository institution does not meet applicable capital requirement and the mutual holding company is unable to meet the requirements of the applicable net worth agreement entered into under Section 1075.1240 of this Part.

- c) Requirements in Subpart O of this Part for filing presentation or disclosure of financial, regulatory operations or management information shall apply to either the mutual holding company or its subsidiaries, or both, whichever filing, presentation or disclosure provides, as determined by the Commissioner, the most complete

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- d) description of the mutual holding company and its subsidiaries.
Stock issued pursuant to Section 1075.1225 of this Subpart may be exchanged for stock issued by the mutual holding company in a conversion of the mutual holding company to stock form under this Section if the mutual holding company demonstrates that the exchange is equitable to the subsidiary depositor/institution and the mutual holding company members.

- e) The Commissioner may waive a requirement of Subpart O of this Part upon a finding that such waiver is not injurious or inequitable to the mutual holding company or its subsidiaries, that it is not inequitable to members or eligible account holders, that the conversion, if the waiver is granted, provides the equivalent protections and opportunities as a conversion that fully complies with Subpart O of this Part and this Section, and that no other course of action that fully complies with Subpart O of this Part and this Section exists.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART K: CONVERSION OF AN EXISTING DEPOSITORY INSTITUTION INTO AN ILLINOIS SAVINGS BANK

Section 1075.1410 General Rules for Conversion Plan

- a) An application for conversion shall be approved only if the Commissioner finds that:

- 1) the conversion plan adopted by the applicant's board of directors or trustees (hereinafter "board"), and all documentation submitted in support of the application for conversion complies with the provisions of these regulations, the Act, and other applicable provisions of law;
- 2) the resulting savings bank will operate in a safe, sound and prudent manner;
- 3) the conversion plan will result in a savings bank that has adequate capital, and satisfactory management and earnings prospects as prescribed in the Act;
- 4) the owners and directors of the converting depository institution and of the resulting savings bank are qualified by character and financial responsibility to legally and properly control and operate the proposed savings bank to be formed as a result of the conversion plan;
- 5) the converting depository institution has taken steps to obtain insurance of accounts from the deposit insurance corporation;
- 6) the conversion plan is equitable to account holders, borrowers, creditors, employees or stockholders and is in the public interest; and
- 7) the converting institution has paid all outstanding bills for supervisory fees, examination fees, and penalties associated with

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its original charter.

- b) The experience and the performance record of the persons to be in control or in key management positions shall be evaluated by the Commissioner as to the probability of sound operation of the resulting savings bank.
- c) The Commissioner shall make the same investigation and determine the same questions as would be required by law to make and determine in the case of the submission to the Commissioner of an Articles of Incorporation for a proposed new Illinois savings bank.
- d) A conversion plan shall be approved if it is in compliance with applicable state and federal law.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1415 Adopting and Filing of a Conversion Plan

- a) The board of directors of an existing depository institution desiring to convert in accordance with these regulations shall adopt a conversion plan at a meeting of such board of directors.
- b) Upon the adoption of the conversion plan as provided in subsection (a) above, an existing depository institution shall file with the Commissioner three copies of the application for approval of a Plan of Conversion, which shall include the conversion plan and each document required to be part of the conversion plan. The application shall be in the form required by the Commissioner.

- c) An application for approval of a conversion plan shall be on forms prescribed by the Commissioner, contain:

- 1) certification by the presiding officer and/or secretary of the depository institution of the resolutions of the board of directors adopting the conversion plan and authorizing the filing of the application for approval of the conversion plan;
- 2) a copy of the conversion plan signed by the president of the depository institution and attested by its secretary;
- 3) a duly adopted amendment to the by-laws of the depository institution specifying that notwithstanding any contrary provision of its by-laws, its conversion from its present original status to an Illinois savings bank shall be in accordance with the provisions of the Act and the rules promulgated thereunder;
- 4) a proposed set of amended or restated Articles of Incorporation as an Illinois savings bank; and
- 5) such other information as the Commissioner may require upon written notice to the converting depository institution.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

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Section 1075.1420 Conversion Plan Requirements (Repealed)

- a) The Plan of Conversion shall:

- 1) state the business purposes to be accomplished by the Plan of Conversion including why the board of directors believes the conversion would be in the best interest of the existing depository institution and the public;
- 2) set forth the terms of the conversion and the manner in which it is to be accomplished;
- 3) provide a business plan of the resulting savings bank for the three-year period following the conversion. The plan shall contain the following:

- A) introduction;
- B) mission statement;
- C) corporate objectives;
- D) corporate strategies;
- E) financial projections including annual pro forma balance sheets, statements of financial condition, and income and expense reports; and

- F) proposed charter, Articles of Incorporation, and by-laws.

- 4) list the names and addresses of directors and officers, including all officers through the level of vice president or any others with equivalent responsibility or power, of the converting depository institution. Also, if the converting institution contemplates changes of the directors or officers upon becoming a savings bank, then the names and addresses of such persons shall be provided. For all named persons, provide any annual director and officers reports filed with any regulatory authority for the last five (5) years before the date of this conversion plan;

- 5) each person listed in subsection (a)(4) above shall disclose his or her affiliations with insured depository institutions and their subsidiaries and affiliates for the last five years, including advances of credit of more than \$50,000, equity investments of more than 10% of outstanding stock, service as a director or officer, and any business relationship which generated more than \$10,000 per year or an aggregate of \$50,000 per relationship in cash or other items of measurable value;

- 6) each person listed in subsection (a)(4) above shall execute and submit as part of the conversion plan an affidavit setting forth all felony convictions and civil or administrative sanctions and all involvement in pending litigation pertaining to them;

- 7) provide the names and addresses of all persons or entities that own or control hold with the power to vote or hold proxies representing 10 percent or more of the shares of the converting depository institution;

- 8) provide the addresses and telephone numbers for all offices and branches of the applicant;

- 9) provide all documents in connection with any transfer or

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conversion to--a--stock--institution--by--converting--institution within--the--three--(3)--years--preceding--application--for--approval--of a--conversion--plan;

10) provide that the conversion plan adopted by the applicant's board of directors may be substantively amended by the board as a result of the comments of regulatory authorities and at any time with the approval of the Commissioner; and that the conversion may be terminated by the board at any time;

11) establish a time period within which the conversion must be completed. The completion date shall not be completed more than six (6) months from the date that the board of directors approves the plan and shall not be extended by the converting institution without approval of the Commissioner;

12) set forth the sequence and timing of the events connected with the conversion plan;

13) list the estimated expenses of the conversion to the applicant and provide that expenses incurred shall be reasonable;

14) furnish an opinion of the applicant's counsel as to compliance with all applicable requirements of state and federal law;

15) furnish an opinion of the applicant's tax advisor or certified public accountant or an Internal Revenue ruling as to the tax consequences of the conversion plan to the applicant and, if applicable, to account holders or share holders;

16) furnish, if applicable, an opinion of the applicant's tax advisor or certified public accountant or an Illinois Department of Revenue ruling as to the tax consequences of the conversion plan under the laws of Illinois;

17) furnish an opinion of applicant's certified public accountant regarding the appropriateness of the accounting treatment for the transaction and the conformity of such accounting treatment to generally accepted accounting principles except where other accounting principles are imposed by the Federal financial institution regulatory agency that oversees the converting depository institution; and states that those principles are utilized in the preparation of the statements prepared in accordance with the conversion plan;

18) provide a set of audited financial statements, including a balance sheet, statement of financial condition and income and expense report as of the fiscal year immediately preceding the date of adoption by the applicant's board of directors of the Plan of Conversion;

19) provide the latest quarterly and monthly reports of condition that are required by the financial institution regulatory agency that oversees the converting depository institution;

20) provide, if applicable, copies of all approvals and notices required by federal law in connection with the conversion; and

21) provide minutes of the meeting of shareholders of the applicant institution authorizing the conversion, including notices to the

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shareholders, proxy material and conversion plan as submitted to the shareholders, certified by the presiding officer or secretary of the meeting;

b) if the converting depository institution is chartered pursuant to Federal law, the conversion plan shall, in addition to the requirements of subsection (a) above:

1) provide true copies of the last two (2) supervisory examination reports of all Federal financial institution regulatory agencies authorized to oversee the converting depository institution including all supervisory correspondence and responses to such correspondence;

2) provide for the period of the three (3) years preceding the adoption of the conversion plan by the board of directors, true copies of all supervisory orders issued by any Federal financial institution regulatory agency in connection with such agency's supervision of the converting depository institution;

3) provide for the period of the three (3) years preceding the adoption of the conversion plan by the board of directors, true copies of all supervisory agreements entered into by any Federal financial institution regulatory agency and the converting depository institution; and

4) provide a true copy of the latest quarterly report of condition such as Thrift Financial Report or Quarterly Call Report filed with any Federal financial institution regulatory agency by the converting depository institution;

5) provide for the period of the three (3) years preceding the adoption of the conversion plan by the board of directors, true copies of the annual Federal disclosures and all other reports, disclosures and correspondence filed with any Federal financial institution regulatory agency by the converting depository institution;

c) if under Federal or State law the converting depository institution is considered to be owned or controlled by a depository institution holding company, in addition to the applicable requirements of subsection (a) and (b) above, the conversion plan shall include:

1) the names and addresses of all holding company directors and officers, including all officers through the level of vice president and all others with equivalent responsibility or power;

2) the names and addresses of all persons or entities that own or control, hold with power to vote, or hold proxies representing 10 percent or more of the voting shares of the holding company; and

3) the names and addresses of all affiliates and subsidiaries of the holding company;

d) the Commissioner may, upon request of the applicant, and where consistent with the protection of account holders and others, permit the omission of items herein required or the substitution of comparable items. The Commissioner may also require the inclusion of

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other items in addition to or in substitution of the items herein required in any case where such items are necessary or appropriate for an adequate presentation of the financial condition of any person or entity whose financial statements or reports are required, or whose statements or reports are otherwise necessary for the protection of account holders and others.

(Source: Repealed at 22 Ill. Reg. _____, effective _____)

Section 1075.1425 Vote by Shareholders and Members (Repealed)

a) Shareholders and members shall vote on the conversion plan as follows:
 1) The conversion plan shall not be submitted to eligible shareholders or members until the plan is approved by the Commissioner.

2) Notwithstanding subsection (a)(1) above, a converting institution the stock of which is listed or traded on a securities exchange including national or regional exchanges or the National Association of Securities Dealers Automated Quotation system (NASDAQ) may seek approval of the conversion plan by eligible shareholders prior to the Commissioner's approval of the plan. Shareholders shall be given notice that no plan may be effected without the Commissioner's approval. If the Commissioner finds that, after gaining shareholder approval, the plan has undergone any substantive change, the plan as changed must be approved by eligible shareholders.

b) The voting record date for determining whether a shareholder or depositor is eligible to vote shall not be more than forty (40) days not less than ten (10) days before the date such vote is taken.

c) Upon application to the Commissioner and for good cause shown, an applicant may dispense with mailed notice of the date of vote for conversion to depositors and shareholders in cases where notice is mailed to eligible depositors and shareholders, each mailed notice shall include at least a summary statement of the plan of conversion, the proposed ballot or proxy and a copy of the proposed Articles of Incorporation. Each notice whether mailed, posted or published shall state the time, place and governing rules for the vote.

d) Each person holding one or more withdrawable accounts entitling the holder to voting rights shall have the vote of one share for each 9100.00 of aggregate withdrawable value of the accounts and shall have the vote of one share for any fraction of 9100.00 except that any member of a mutual institution chartered with Federal Charter-K Revised may not cast more than 50 votes in keeping with the provisions of said charter.

e) Each holder of capital stock held shall have one vote for each share held.

f) Shares owned by the applicant-depository institution shall not be

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counted or voted.

g) Approval of a conversion plan shall require an affirmative vote by a majority of the votes cast by the applicant's eligible voters.

h) Notwithstanding the provisions of subsections (a) through (g) above, if the converting depository institution is chartered under federal law, approval of a conversion plan by the members or stockholders of the converting depository institution shall be obtained in the manner prescribed by applicable federal law.

i) The converting depository institution must submit a certification by the presiding officer and/or secretary of the depository institution that the conversion plan and the revised Articles of Incorporation have been approved by the shareholders of the depository institution together with the following information:

1) the total number of votes eligible to be cast;

2) the total number of votes cast;

3) the total number of votes approving or rejecting the applicant's conversion plan and adopting the revised Articles of Incorporation;

4) the percentage of votes cast to approve such plan of conversion and adopt the revised Articles of Incorporation; and

5) the date on which the vote was held.

(Source: Repealed at 22 Ill. Reg. _____, effective _____)

Section 1075.1450 Directors of Resulting Savings Bank

The persons named as directors in the Plan of Conversion amended Certificate of Incorporation shall be the directors of the resulting savings bank until the first election of directors thereafter, or until the expiration of their terms as directors, and shall have the power to take all necessary measures and to adopt regulations concerning the business and management of the resulting converted savings bank.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART L: SUPERVISION

Section 1075.1510 Purchase of Offices (Repealed)

a) A savings bank seeking to purchase an office or other facility to provide depository and credit services to the public at that site under its own name must apply to the Commissioner as though the site will be a de novo branch under Subpart G of this Part.

b) A savings bank seeking to purchase a facility or facilities from another financial institution must make application as required under Subpart G of this Part.

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(Source: Repealed at 22 Ill. Reg. _____, effective _____)

Section 1075.1520 Bridge Charters

- a) A savings bank may apply to the Commissioner for authority to form a "bridge charter" to facilitate a corporate restructuring or voluntary change, only on condition that an additional savings bank is not created. Organization of a bridge charter shall not be subject to the requirements of Article 3 of the Act.
- b) The Commissioner may only authorize the formation of an interim savings bank charter under this Section. An applicant desiring another type of financial institution charter shall apply for same to the regulator appropriate to that charter.
- c) Each application shall specify the purpose of the interim charter, the required end result, the ownership size, capital business plan, management structure, and duration of the initial, interim and final savings bank.
- d) An applicant for an interim charter under this Section shall inform the Commissioner of any transaction contemplating use of an interim Charter at least ninety--4 90+ days before the closing date of the transaction.
- e) Except to the extent established by the original savings bank, no interim charter may do retail business with the public; advertising; make purchases; pay salaries, bonuses, fees or obligate to hire, or contract.
- f) An interim charter may exist for no more than three {3+} days which may not be business days. On a normal business day, an interim charter may not be in existence for more than the time required to sign or otherwise finalize documents.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1530 Unsafe and Unsound Practices

- a) If the Commissioner receives notice of failure to renew or of cancellation of the bond required by Section 4009(a) of the ~~the~~ Act, or if such bond is determined, from examination or from reports made by the savings bank, to be inadequate when compared:
 - a1) with the amounts of such bond carried by savings banks of comparable capital size, pursuing similar investment policies and similar management capabilities; or
 - b2) with amounts required by its federal insurer of accounts, he or she shall immediately pursue one of the remedies enumerated in Articles 9 and 10 of the Act.
- b) ~~in implementing Section 1002--"Policy and Purpose"--of--the--Act,--the--Commissioner--shall--take--into--consideration--the--standards--and--policies~~

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~~of--the--Federal--Deposit--Insurance--Act--and--the--rules--promulgated thereunder:~~

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART N: ACQUISITION OF CONTROL OF SAVINGS BANK**Section 1075.1700 Acquisition of Control of Savings Bank**

a) As used in this Section, the following definitions apply:

- 1) "Affiliate" means any company that controls, is controlled by, or is under common control with a person.
- 2) "Company" means a corporation, a partnership, an association, a joint stock company, a trust or an unincorporated organization.
- 3) "Control" means the ability of any person, entity, persons, or entities acting alone or in concert with one or more persons or entities, to own, hold, or direct with power to vote, or to hold proxies representing, 10% or more of the voting shares or rights of a savings bank, savings bank subsidiary, savings bank affiliate, or savings bank holding company; or the ability to achieve in any manner the election or appointment of a majority of the directors of a savings bank. This definition shall not apply to the voting of proxies obtained from depositors if the proxies are voted as directed by a majority of the board of directors of the savings bank or of a committee of directors when the committee's composition and powers may be revoked by a majority vote of the board of directors.
- 4) "Person" means an individual, a company or a group acting in concert.
- 5) "Associate", when used to indicate relationship with any person, means:
 - A) any corporation or organization (other than the applicant or a wholly owned subsidiary of the applicant) of which such person is an officer or partner or is, directly or indirectly, either alone or together with one or more members of his or her immediate family, the beneficial owner of 10% or more of any class of securities;
 - B) any trust or other estate in which the person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity;
 - C) any relative or spouse of such person or any relative of such spouse, who has the same home as such person or who is a director or officer of the savings bank or a related entity; or
 - D) anyone who has an agreement, arrangement, or understanding, with such person, the purpose or effect of which is to enable the person to enter into and consummate any

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transaction described in subsection (m) below on terms more advantageous than had the transaction been entered into or consummated by a person who was not a party to such agreement, arrangement, or understanding.

- 6) "Savings Bank Holding Company" means any company which directly or indirectly or through one or more subsidiaries controls a savings bank.

- b) It is unlawful for any person to acquire control of a savings bank or related entity unless acquired pursuant to this Section. Any acquisition of control in violation of this Section shall be ineffective and void.

- c) Application to acquire control of a savings bank shall be made to the Commissioner. The application shall be under oath or affirmation, and shall contain substantially all the following information plus any additional information that the Commissioner may prescribe as necessary or appropriate in the particular instance for the protection of depositors, borrowers, or stockholders and the public interest.

- 1) The identity and banking and business experience of each person by whom or on whose behalf the acquisition is to be made, including, but not limited to, his or her business activities and affiliations during the past ten years, and a description of any pending legal or administrative proceedings in which he or she is a party and any criminal indictment or any conviction of such person by any state or federal court.

- 2) If not entirely described in subsection (c)(1) above, for each person by whom or on whose behalf the acquisition is to be made, any past (for the past ten years), present or proposed affiliation with an insured depository institution including, but not limited to, any past, present or proposed employment and all affiliation or connection of the kind described under the definition of "affiliated person of a savings bank or insured institution" as defined in this Section.

- 3) A statement of the assets and liabilities, including contingent liabilities, of each person by whom or on whose behalf the acquisition is to be made, as of the end of the fiscal year for each of the five years immediately preceding the date of the notice; including statements of income, and source and application of funds for each of the fiscal years then concluded, all prepared in accordance with generally accepted accounting principles consistently applied; and an interim statement of the assets and liabilities, including contingent liabilities, for each such person, including related statements of income, and source and application of funds, as of a date not more than 90 days before the date of the filing of the notice.

- 4) The terms of the proposed acquisition and the manner in which the acquisition is to be made.

- 5) The identity, source and amount of the funds or other consideration used, or to be used, in making the acquisition. If

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any part of these funds or other consideration has been or is to be borrowed or otherwise obtained to make the acquisition, a description of the transaction, the names of the parties, and any arrangements, agreements, or understandings with such persons.

- 6) Any plans or proposals which any acquiring party may have to liquidate the bank, to sell its assets or merge it with any company or to make any other major change in its business or corporate structure or management.

- 7) The identity of any person employed, retained, or to be compensated by the acquiring party, or by any person on his behalf, to make solicitations or recommendations to stockholders to assist in the acquisition, and a brief description of the terms of such employment, retainer, or arrangement for compensation.

- 8) Copies of all invitations or tenders or advertisements making a tender offer to stockholders for purchase of their stock to be used in connection with the proposed acquisition.

- d) When a person, other than an individual or corporation, is required to file an application under this Section, the Commissioner supervisor may require that the information required by subsections subsection (c)(1), (2), (3), and (7) above be given with respect to each person, as defined in subsection (a)(3) above, who has an interest in or controls a person filing an application under this Section.

- e) When a corporation is required to file an application under this Section, the Commissioner may require that information required by subsections subsection (c)(1), (2), (3), and (7) above be given for the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of 25 twenty-five percent or more of the outstanding voting securities of the corporation.

- f) If any tender offer, request, or invitation for tenders or other agreements to acquire control is proposed to be made by a registration statement under the Securities Act of 1933 (15 U.S.C. 77a et seq.), or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.), the registration statement or application may be filed with the Commissioner instead of the requirements of this Section.

- g) Any acquiring party shall deliver a copy of any notice or application required by this Section to the savings bank proposed to be acquired within two days after such notice or application is filed with the Commissioner.

- h) Any person who willfully or intentionally violates this Section is subject to Section 1106(1) of the The Act. Each day's violation shall be considered a separate violation. This subsection in no way limits investigation, examination, prosecution, conviction, levying of fines, or any other legal action or remedy carried out pursuant to any other applicable states or federal law.

- i) The Commissioner may disapprove the acquisition of a savings bank

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within 45 days after the filing of a complete application if:

- 1) The poor financial condition of any acquiring party might jeopardize the financial stability of the savings bank or might prejudice the interest of depositors, borrowers, or stockholders;
 - 2) The plan or proposal of the acquiring party to liquidate the savings bank, to sell its assets, to merge it with any person, or to make any other major change in its business or corporate structure or management is not fair and reasonable to its depositors, borrowers, or stockholders or is not in the public interest;
 - 3) The banking and business experience and integrity of any acquiring party would not be in the best interest of the savings bank's depositors, borrowers, or stockholders;
 - 4) The information provided by the application is insufficient for the Commissioner to determine whether the acquisition should be approved or there has been insufficient time to verify the information provided and conduct an examination of the qualifications of the acquiring party; or
 - 5) The acquisition would not be in the public interest.
- j) An acquisition may be made before expiration of the disapproval period if the Commissioner issues written notice of intent not to disapprove the action.
- k) The Commissioner shall set forth the basis for disapproval of any proposed acquisition in writing and shall provide a copy of such findings and order to the applicants and to the bank involved. Such findings and order shall not be disclosed to any other party and shall not be subject to public disclosure unless the findings or order are appealed and subject to hearing.
- l) Whenever such a change in control occurs, each party to the transaction shall report promptly to the Commissioner any changes or replacement of its chief executive officer or of any director occurring in the next twelve-month period, including in its report a statement of the past and current business and professional affiliations of the new chief executive officers or directors.
- m) For a period of 10 years following the acquisition of control by any person, neither such acquiring party nor any associate or affiliate of the acquiring party or the acquired savings bank shall receive any loan or the use of any of the funds of, nor purchase, lease, or otherwise receive any property from, nor receive any consideration from the sale, lease, or any other conveyance of property to, any savings bank in which the acquiring party has control; except that:
- 1) the provisions of this subsection shall not apply to transactions permitted under Sections 22(g), 22(h), 23A or 23B of the Federal Reserve Act (12 U.S.C. Sections 375a, 375b, 371c and 371c-1), or transactions with any person (including such person's affiliates and associates) after the person ceases to be in control of the savings bank, or ceases to be an affiliate or associate of a person in control of a savings bank, and

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- 2) upon application by any acquiring party or associate or affiliate or affiliated person of a savings bank or insured institution subject to this subsection, the Commissioner may approve a transaction between a savings bank and such acquiring party, person, or associate or affiliate or affiliated person of a savings bank or insured institution, upon finding that the terms of the transaction are at least as advantageous to the savings bank as the savings bank would obtain in a comparable transaction with any person that is not an acquiring party or an associate or affiliate thereof.
- n) To enable any person to purchase any or all shares of its capital stock, no savings bank shall make a loan to, pledge or otherwise transfer any of its assets as security for a loan to such person or to any associate or affiliate or affiliated person of a savings bank or insured institution, or except as otherwise permitted in this subsection, pay any dividends to any such person or associate or affiliate or affiliated person of a savings bank or insured institution except upon a finding by the Commissioner that such transaction(s) is fair to stockholders, depositors, and creditors and does not otherwise violate any provision of the Act. Nothing in this Section shall prohibit a dividend among shareholders in proportion to their shareholdings.
- o) Filing with the Commissioner of a copy of notice filed pursuant to the Federal Deposit Insurance Act (12 U.S.C. 1817(j)) and the Rules under the Federal Deposit Insurance Corporation (12 CFR 303.4) or pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 Note et seq.), Federal Reserve Board Regulations for Bank Holding Companies, (12 CFR 225.41 et seq.) or pursuant to the Home Owners' Loan Act (12 U.S.C. Section 1461 et seq.) and the Regulations for Acquisition of Control of Savings Associations (12 CFR E-F-R--Section 574.1 et seq.).
- p) The accuracy and completeness of any information submitted by the applicant(s) may be determined by the Commissioner pursuant to the Commissioner's examination authority.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART O: CONVERSION OF MUTUAL SAVINGS BANK TO CAPITAL STOCK SAVINGS BANK

Section 1075.1800 Subpart Exclusive -- Prohibition on Conversion Without Approval -- Waiver of Requirements

This Subpart shall exclusively govern the conversion of mutual savings banks to capital stock savings banks. No mutual savings bank may convert to the capital stock form of organization without the prior written approval of the Commissioner pursuant to this Subpart, except that the Commissioner may waive requirements of this Subpart when a deviation from the requirements is required due to a change in applicable law or regulation or policy. To effect a

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reCAPITALIZATION--of--an--undercapitalized--depository--institution--or--due--to unforeseen--circumstances--which--leave--no--viable--alternative--course--of--action that--complies--with--the--requirements--of--this--Subpart--to--effect--a--conversion--that is--not--injurious--to--the--converting--savings--bank--and--that--is--not--inequitable--to members--Any--waiver--must--be--upon--a--written--finding--that--it--complies--with--this Section--and--the--written--finding--must--include--grounds--as--to--why--the--waiver complies--with--this--Section: Notwithstanding any provision of this Subpart, the Commissioner may waive a requirement of this Subpart if:

- a) waiver is required by applicable federal law or regulation;
- b) waiver is useful or convenient due to a change in applicable federal law, regulation, or policy and waiver is not injurious to the converting savings bank and not inequitable to its members;
- c) waiver avoids, ameliorates, or corrects a condition enumerated in Section 10001 of the Act or serves a purpose enumerated in Section 10002 of the Act;
- d) waiver is due to unforeseen circumstances which leave no other reasonable course of action which complies with the requirement and waiver is not injurious to the converting savings bank and not inequitable to its members; or
- e) waiver permits the converting savings bank to convert to stock form under terms or conditions available to a state or federal savings association or under terms or conditions permitted by the deposit insurance corporation.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1810 Request of Noncompliance Requirements (Repealed)

- a) Notwithstanding the requirements of Section 1075.8007, if an applicant finds that compliance with any provision of this Subpart would be in conflict with applicable federal law, the Commissioner shall grant a request of noncompliance with the provision. The request may be incorporated in the application for conversion. Otherwise, the applicant shall file the request in accordance with the requirements of the Commissioner.

- b) In making any such request, the applicant shall:
 - 1) specify the provision or provisions of this Subpart with respect to which the applicant desires a waiver; and
 - 2) furnish an opinion of counsel demonstrating that applicable federal law is in conflict with the specified provision or provisions of this Subpart.

(Source: Repealed at 22 Ill. Reg. _____, effective _____)

Section 1075.1835 Stock Purchase Subscription Rights -- Eligible Account Holders

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- a) Each eligible account holder shall receive, without payment, nontransferable subscription rights to purchase capital stock in an amount ranging from one-tenth of one percent to five percent of the total offering, with each receiving subscription rights to the same percentage of capital stock; or in an amount that reflects a proportioned amount that is based on the amount of the eligible account holder's qualifying deposit relative to the total amount of qualifying deposits. The allocation of subscription rights to purchase shares of capital stock under this subsection shall not give the directors in the aggregate subscriptions equal to more than 20 percent of the total offering.
- b) When a conversion plan is effected pursuant to Section 1075.2170, the total number of shares refers to that number of shares not sold to the acquirer or acquirors designated in the plan.
- c) If the allotment made in this Section results in an oversubscription, the plan of conversion may provide that shares be allocated first to directors, officers and employees who have been account holders for the entire 5 years before the conversion. However, the Commissioner may waive the five-year requirement for an individual upon a written finding that the individual who has not been a five-year account holder participated in and greatly contributed to rehabilitating the savings bank or that the waiver is necessary to maintain the savings bank's independent ownership. Any shares not allocated to such directors, officers and employees shall be allocated among other subscribing eligible account holders on such equitable basis, related to the amounts of their qualifying deposits, as may be provided in the plan of conversion. For the purposes of shares allocated pursuant to the immediately preceding sentence, directors may be allocated additional shares in the same manner as other eligible account holders.
- d) If the allotment in this Section results in an undersubscription, the plan of conversion may provide that the directors, officers and employees of the savings bank who are eligible account holders receive, without payment, nontransferable subscription rights to purchase unallocated shares of capital stock. The subscription rights shall be allocated among directors, officers and employees on an equitable basis such as by giving weight to period of service, compensation, or position.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.1845 Supplemental Share Purchase Subscription Rights --- Supplemental Eligible Account Holder --- Conditions

- a) In plans with an eligibility record date that is more than 15 months before the date of the latest amendment to the application for conversion filed before the Commissioner's approval, a supplemental

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eligibility record date shall be determined whereby each supplemental eligible account holder of the converting savings bank shall receive, without payment, nontransferable subscription rights to purchase shares in an amount ranging from one-tenth of one percent to five percent of the total offering, with each receiving subscription rights to the same percentage of capital stock, or in an amount that is based on a proportioned amount that is based on the amount of the eligible account holder's qualifying deposit relative to the total amount of qualifying deposits in the converting savings bank on the supplemental eligibility record date. When a conversion plan is effected pursuant to Section 1075.2170, the total number of shares refers to that number of shares not sold to the acquiror or acquirors designated in the plan.

- b) Subscription rights received pursuant to this Section shall be subordinated to all rights received by eligible account holders to purchase shares pursuant to Sections 1075.1835 and 1075.1840.
- c) Any nontransferable subscription rights to purchase shares received by an eligible account holder in accordance with Sections 1075.1835 and 1075.1840 shall be applied in partial satisfaction of the subscription rights to be distributed pursuant to this Section.
- d) In the event of an oversubscription for supplemental shares pursuant to this Section, shares shall be allocated among the subscribing supplemental eligible account holders on such equitable basis, related to the amounts of their respective qualifying deposits, as may be provided in the plan of conversion.

- e) A director or officer of the converting savings bank shall be entitled to subscription rights as a supplemental eligible account holder only if:

- 1) such person is not also an eligible account holder entitled to subscription rights under Section 1075.1835; and
- 2) such person became a director or officer of the converting savings bank after the eligibility record date established under Section 1075.1875.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.2040 Vote by Members

- a) Following approval of the plan of conversion by the Commissioner, the plan of conversion shall be submitted for consideration to an annual or special meeting of members.
- b) Notice of the meeting to consider a plan of conversion shall be given by the proxy statement authorized for use by the Commissioner. For the purposes of this subsection, the proxy statement may be in summary form, provided:

- 1) A statement is made in bold-face type on the notice to members required under this subsection that a more detailed description

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of the proposed transaction may be obtained by returning an attached postage-paid postcard or other written communication requesting a supplemental information statement which, together with the summary proxy statement, complies with the requirements of this Subpart;

- 2) The last date on which the summary proxy statement is mailed to members will be considered the date on which notice is given for the purposes of this subsection. Without prior approval by the Commissioner, the special meeting of members shall not be held fewer than 20 days after the last date on which the supplemental information statement is mailed to requesting members;
- 3) The supplemental information statement required to be furnished to members may be combined with any form prescribed under Sections 1075.2500 through 1075.2580, if the subscription offering is started concurrently with or during the proxy solicitation period pursuant to Section 1075.1925(a);
- 4) The summary proxy statement shall be prepared in accordance with the following requirements:

- A) All the requirements of Sections 1075.2300 through 1075.2460, except:
 - i) Section 1075.2360;
 - ii) Section 1075.2370(c) through (m) and (o);
 - iii) Section 1075.2440; and
 - iv) Section 1075.2450(b).
- B) The disclosure requirements of Sections 1075.2380(j), 1075.2390 and 1075.2430 may be prepared in summary form.
- C) The disclosure requirements of Section 1075.2350 may be met through disclosure of the names, ages, and present occupations of all directors and executive officers.
- D) The plan of conversion shall not be required to be attached to the summary proxy statement under Section 1075.2460.
- c) The plan of conversion shall be approved by a vote of at least a majority **two-thirds** of the total outstanding votes.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 1075.2440 Proxy Statement -- Financial Statements

This Section specifies the consolidated balance sheets, the consolidated statements of income, the consolidated statements of cash flows, and stockholders' equity required to be included in the proxy statement. If the applicant has previously used an audit period in connection with its certified financial statements which does not coincide with its fiscal year, such audit period may be used in place of any fiscal year requirements provided it covers a full twelve months' operations and is used consistently.

- a) Consolidated balance sheets.
 - 1) There shall be furnished for the applicant and its subsidiaries

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Commissioner may also require the inclusion of other statements in addition to, or in substitution for, the statements herein required in any case where such statements are necessary or appropriate for an adequate presentation of the financial condition of any person whose financial statements are required, or whose statements are otherwise necessary for the protection of account holders and others.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

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consolidated, audited balance sheets as of the end of each of the two most recent fiscal years.

- 2) If the latest balance sheets furnished under subsection (a)(1) above are in excess of 135 days before the date of the Commissioner's approval of the conversion, there shall be furnished an interim balance sheet as of a date within 135 days after of such approval. This interim balance sheet need not be audited.

- b) Consolidated statements of income and cash flows.

- 1) There shall be furnished for the applicant and its subsidiaries and predecessors consolidated, audited statements of income and cash flows for each of the three fiscal years preceding the date of the most recent balance sheet furnished. Notwithstanding the requirement of submitting consolidated statements for the preceding three fiscal years, if the applicant would qualify as a "Small Business Issuer" under U.S. Securities and Exchange Commission Regulation S-B, 17 CFR 226, the applicant may furnish consolidated statements for the periods that would be required of a small business issuer if the applicant complies with all other provisions of Sections 1075.2370 and 1075.2440 and includes a two-year balance sheet in its proxy statement and offering circular.

- 2) In addition, for any interim period between the latest audited balance sheet and the date of the most recent interim balance sheet being filed, and for the corresponding period of the preceding fiscal year, statements of income and cash flows shall be furnished. The interim financial statements may be unaudited.

- c) Changes in stockholders' equity. An analysis of the changes in each caption of stockholders' equity presented in the balance sheets shall be given in a note or separate statement. This analysis shall be presented in the form of a reconciliation of the beginning balance to the ending balance for each period for which an income statement is required to be furnished with all significant reconciling items described by appropriate captions.

- d) Financial statements of business acquired or to be acquired. There shall be furnished the information required by 17 CFR 210.3-05 and 17 CFR 210.11-01 to 270.11-03 -03, 1992, no subsequent dates or editions, regarding business acquired or to be acquired.

- e) Separate financial statements of subsidiaries not consolidated and 50-percent- or less-owned persons. There shall be furnished the information required by 17 CFR 210.3-09 regarding separate financial statements of subsidiaries not consolidated and 50-percent- or less-owned persons.

- f) Filing of other statements in certain cases. The Commissioner may, upon the request of the applicant, and where consistent with the protection of account holders and others, permit the omission of one or more of the statements required or the filing in substitution therefor of appropriate statements of comparable character. The

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- 1) **Heading of the Part:** Control of Outdoor Advertising Adjacent to Primary and Interstate Highways

- 2) **Code Citation:** 92 Ill. Adm. Code 522

- 3) **Section Numbers:** Proposed Action:

522.20 Amend

522.30 Amend

522.50 Amend

522.60 Amend

522.80 Amend

522.130 Amend

522.150 Amend

522.190 Amend

522.200 Amend

522.Illustration K New Section

522.Illustration L New Section

- 4) **Statutory Authority:** Implementing Sections 9-112.1 and 9-112.2 of the Illinois Highway Code [605 ILCS 5/9-112.1 and 9-112.2] and Sections 1 through 8 and 10 of the Highway Advertising Control Act of 1971 [225 ILCS 440/1-8 and 10] and authorized by Section 4-201.1 of the Illinois Highway Code [605 ILCS 5/4-201.1] and Section 14.01 of the Highway Advertising Control Act of 1971 [225 ILCS 440/14.01]; implementing Section 1 and authorized by Section 17 of the Airport Zoning Act [620 ILCS 25/1 and 17].

- 5) A complete description of the subjects and issues involved: P.A. 89-605 effective August 2, 1996 [225 ILCS 440/3.16] amended the Highway Advertising Control Act of 1971 to comply with the provisions of the federal Intermodal Surface Transportation Efficiency Act (ISTEA) regarding the creation of the National Highway System and Scenic Byways. This legislation revised the definition of "Primary Highway" and "Scenic Byways". The Department is proposing to revise Part 522 to incorporate changes required by Public Act 89-605. Namely, the inclusion of new definitions.

Additionally, the Department is clarifying provisions and revising language to improve upon the implementation and administration of the program. The following analysis more specifically addresses the significant changes the Department is proposing to this Part.

At Section 522.20, Definitions, "Business area", under the Department's current rule, outdoor advertising is permitted on Interstate highways when the land is actually zoned for commercial or industrial land use. However, federal and State laws limit outdoor advertising to those areas **used** for commercial or industrial purposes as of September 21, 1959. Therefore, the Department, in close conjunction with the Federal Highway Administration (FHWA), revised

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"Business area" to allow for outdoor advertising in those areas along Interstate highways that do not have zoning but were clearly used as commercial or industrial on September 21, 1959. Likewise, the new requirement that the applicant show "based on contemporaneous historical records of State actions" that the land was used on September 21, 1959, and "continuously" thereafter, is mandated language from the FHWA. Without this clarification, federal funding that hinges on State compliance with federal outdoor advertising laws will be jeopardized.

The Department is also adding definitions, verbatim from the statute, of "National Highway System", "Primary highway", and "Scenic byway."

At Section 522.30(f), Signs Requiring Permits and Registrations, the Department is clarifying that signs that are changed by removing the wood upright and replacing it with a steel monopole support will fall under the definition of "erect" and will require a new permit. This is an issue which the Department has had to address numerous times over the last several years.

At Section 522.190(e), Standards for On Premise Signs, the existing rule requires a person to "own and operate the land and business" before he/she can qualify for on premise signing. Federal policy now allows for on premise signing "as long as the parcels of land where the sign and businesses are located are owned by the same entity or person."

At Section 522.200(h), Standards for Signs in Business Areas, new language has been added to assure proper spacing when measuring between certain types of signs. The new standards in this subsection correspond with the new illustrations that are being added to the Part.

At Section 522.50, Permit Application Contents, is being revised to include: language which states that a "contract to purchase" will be accepted as sufficient proof of permission to erect a sign (see subsection (b)(5)); language which supports the change to the definition of "Business area" (see subsection (b)(11)); and, language which provides for the conditions under which a person may acquire a new permit for signs that are going to be rebuilt with a substantial change to the size or structural component of the sign (see subsection (b)(12)).

At Section 522.60, Receipt of Application, the Department has further developed this Section to assist both District personnel and the applicant in understanding how the Department's methods of processing permits works. The detail provided for in this Section under this new rulemaking assures an impartial and legally-sufficient method of

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issuing permits in an industry that is growing increasingly highly competitive.

Section 522.80, Denial of Application, is being revised to prevent the practice of one sign company sending in multiple permits for the same site, stretched out over several days, in an effort to limit competition for that site.

Section 522.130, Review Procedures, is being revised to allow for interested parties involved in a dispute to obtain copies of the opposing party's written arguments. The revisions also allow the Director of Highways to hold conferences, if necessary.

Two new Illustrations are being added to the Part which will indicate how to measure between signs if you have a monopole, back-to-back, V-type sign or if you have a standard, back-to-back, V-type sign.

6) Will this proposed rulemaking replace an emergency rule currently in effect? No

7) Does this rulemaking contain an automatic repeal date? No

8) Does this proposed amendment contain incorporations by reference? No

9) Are there any other amendments pending on this Part? No

10) Statement of Statewide Policy Objectives: Local municipalities will not be impacted by this rulemaking.

11) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Any interested party may submit written comments or arguments concerning this proposed rule. Written submissions shall be filed with:

David E. Schinneer
Chief, Bureau of Land Acquisition
Illinois Department of Transportation
2300 South Dirksen Parkway, Room 103
Springfield, Illinois 62764
217/782-6243

JCAR requests, comments and concerns regarding this rulemaking should be addressed to:

Christine Caronna-Beard, Rules Manager
Illinois Department of Transportation
2300 South Dirksen Parkway, Room 300
Springfield, IL 62764

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217/782-3215

Comments received within forty-five days after the date of publication of this *Illinois Register* will be considered. Comments received after that time will be considered, time permitting.

12) Initial Regulatory Flexibility Analysis:

A) Types of small businesses affected: If a small business desires a permit under this Part, the business will be impacted much the same as any other applicant. Upon signing of the Public Act, fewer sites to advertise are available adjacent to a Federal Aid Primary or Interstate Route that has been designated a "Scenic Byway".

B) Reporting, bookkeeping or other procedures required for compliance:
None

C) Types of professional skills necessary for compliance: None

3) Regulatory Agenda on which this rulemaking was included: July 1997

The full text of the Proposed Amendments begins on the next page:

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TITLE 92: TRANSPORTATION
CHAPTER I: DEPARTMENT OF TRANSPORTATION

SUBCHAPTER f: HIGHWAYS

PART 522

CONTROL OF OUTDOOR ADVERTISING
ADJACENT TO PRIMARY AND
INTERSTATE HIGHWAYS

SUBPART A: GENERAL PROVISIONS

Section
522.10 Purpose
522.20 Definitions

SUBPART B: PERMIT APPLICATION AND REGISTRATION
PROCEDURES AND REQUIREMENTS

Section
522.30 Signs Requiring Permits and Registrations
522.40 Place of Filing
522.50 Permit Application Contents
522.60 Receipt of Application
522.70 Approval of Application
522.80 Denial of Application
522.90 Renewal of Permits
522.100 Registration of Existing Signs

SUBPART C: REVOCATION OF PERMITS

Section
522.110 Notice of Intent to Revoke
522.120 Reply of Permittee
522.130 Review Procedures
522.140 Issuance of the "30 Day Letter"

SUBPART D: STANDARDS FOR SIGNS

Section
522.150 Signs that may not be Erected or Maintained
522.160 Standards for Official Notices
522.170 Standards for Directional Signs
522.180 which they are Located

522.190 Standards for On Premise Signs
522.200 Standards for Signs in Business Areas
522.210 Standards for Signs Providing Information Relative to Lodging, Food, Outdoor Recreational Facilities or Automotive Service Facilities

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SUBPART E: SIGNS WHICH MAY BE ERECTED WITHOUT A PERMIT

Section
522.220 Department Notification

Section
522.230 Multiple Signs
522.240 Signs Facing Two or More Highways

SUBPART F: MISCELLANEOUS PROVISIONS

ILLUSTRATION A Expressway
ILLUSTRATION B Unzoned Commercial or Industrial Area
ILLUSTRATION C Interchange Spacing
ILLUSTRATION D Spacing Measurement Along Pavement
ILLUSTRATION E Spacing Measurement At Right Angle
ILLUSTRATION F Spacing Measurement On Same Line
ILLUSTRATION G Spacing Measurement Along Curves
ILLUSTRATION H Map of Highway Districts
ILLUSTRATION I Control Along Intersecting Highways
ILLUSTRATION J Public Airports
ILLUSTRATION K Spacing Measurement Monopole Back-to-Back V-Type
ILLUSTRATION L Spacing Measurement Standard Back-to-Back V-Type

AUTHORITY: Implementing Sections 9-112.1 and 9-112.2 of the Illinois Highway Code [605 ILCS 5/9-112.1 and 112.2] and Sections 1 through 8 and 10 of the Highway Advertising Control Act of 1971 [225 ILCS 440/1-8 and 10] and authorized by Section 4-201.1 of the Illinois Highway Code [605 ILCS 5/4-201.1] and Section 14.01 of the Highway Advertising Control Act of 1971 [225 ILCS 440/14.01]; implementing Section 1 and authorized by Section 17 of the Airport Zoning Act [620 ILCS 25/1 and 17].

SOURCE: Amended August 23, 1976; codified at 7 Ill. Reg. 12887; Part repealed, new Part adopted at 12 Ill. Reg. 16163, effective September 27, 1988; amended at 17 Ill. Reg. 7258, effective May 7, 1993; amended at 22 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL PROVISIONS

Section 522.20 Definitions

"Act" means the Highway Advertising Control Act of 1971 ~~§§11--Rev-Stat--1994, ch. 3217, par. 561-561-et-seq.~~ [225 ILCS 440/1-et-seq.].

"Air mile" means a distance of one mile as measured horizontally along a straight line between the sign and activity advertised.

"Business Area" means any part of an area adjacent to and within 660

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~~six-hundred-sixty-feet-of-the-right-of-way-which-is-at-any-time-zoned for-business-commercial-or-industrial-activities-under-the-authority of-any-law-of-this-State-or-not-so-zoned-but-which-constitutes-an unzoned-commercial-or-industrial-area-However-as-to-signs-along interstate-highways-the-term-business-area--includes-only-areas which-are-within-incorporated-limits-of-any-city-village-or incorporated-town-as-such-limits-existed-on-September-21-1959-and which-are-zoned-for-business-industrial-or-commercial-use-or to portions of interstate highways which traverse other areas where the law as business, industrial or commercial (Section 3.12 the Act-III Rev-Stat-1991-ch-121-par-503-12) [225 ILCS 440/3.12]]. Areas which were zoned as of September 21, 1959 and were not specifically zoned for business, commercial or industrial use as of September 21, 1959 and were outside corporate limits on that date will not be considered business areas along interstate highways. Areas which were unzoned on September 21, 1959 may qualify as business areas along Interstate highways if the applicant can show, based on contemporaneous historical records of State actions (e.g., State sales tax records, required State license fees, etc.) that the land on September 21, 1959 was and has continuously been used as business, commercial or industrial. Land unzoned on September 21, 1959, used for agricultural and/or farming activities, including but not limited to forestry, ranging, grazing, wayside produce stands and grain storage bins, will not be considered as business, commercial or industrial land uses for purposes of this part. Additionally, unzoned land used for railroad tracks and minor sidings; transient or temporary activities not involving permanent buildings or structures; outdoor advertising structures; activities not visible from the main-traveled way; and activities conducted in a building principally used as a residence (if the ground floor of the building is more than 50% residence) will not be considered as business, commercial or industrial land uses.~~

"Code" means the Illinois Highway Code (~~III-Rev-Stat-1991-ch-121-part-1-101-et-seq-7~~ [605 ILCS 5/101-et-seq-7]).

"Commercial or Industrial activities," as used in the definition of "business area" and "unzoned commercial or industrial area," means those activities located within ~~660~~ six-hundred-sixty feet of the nearest edge of the highway right-of-way generally recognized as commercial or industrial by zoning authorities in this State, such as land use devoted to commerce, industry, trade, manufacturing, highway service, highway business, warehouses, offices or similar uses, but for the purpose of determining unzoned commercial and industrial areas does not include the following:

agricultural, forestry, ranging, grazing and farming

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activities, including wayside fresh produce stands and grain storage bins;

railroad tracks and minor sidings;

transient or temporary activities not involving permanent buildings or structures;

outdoor advertising structures;

activities not visible from a main-traveled way;

activities conducted in a building principally used as a residence (if the ground floor of the building is more than 50% residence) (Section 3.10 of the Act).

"Damaged signs" means signs which require more than fifty percent replacement of the uprights, in whole or in part.

"Department" means the Illinois Department of Transportation.

"District" means any one of the District offices of the Department's Division of Highways (see Section 522.11 Illustration H).

"Directional signs" means signs containing directional information about public places owned or operated by Federal, State or local governments or their agencies; publicly or privately owned natural phenomena; historic, educational, cultural, scientific and religious sites; areas of natural or scenic beauty; or areas naturally suited for outdoor recreation which are deemed to be in the interest of the traveling public.

"Erect" means to construct, build, raise, assemble, place, affix, attach, create, paint, draw or in any other way bring into being or establish; but does not include any of the foregoing activities when performed as an incident to the change of advertising message or normal maintenance or repair of a sign or sign structure (Section 3.08 of the Act). Replacing more than fifty percent of the uprights, in whole or in part, or extending the height above ground, or similar activities which substantially change a sign such as anything which makes a sign more valuable; adding lighting, or making the sign bigger are examples, are not normal maintenance or repair.

"Expressway" means a primary highway constructed either as a freeway or tollway which has complete control of access (see Section 522.11 Illustration A) (Section 3.04 of the Act).

"Federal, State or local law" means a Federal or State constitutional

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provision or statute, or an ordinance, rule or regulation enacted or adopted by a State or Federal agency or a political subdivision of a State pursuant to Federal or State constitution or statute.

"Illegal Signs" means signs not in compliance with this Part.

"Interchange" means a system of interconnecting roadways in conjunction with one or more grade separations, providing for the movement of traffic between two or more roadways on different levels.

"Interstate highway" means any highway, including a tollway, designated by the Department and approved by the United States Department of Transportation as a part of the National System of Interstate and Defense Highways. A highway becomes a part of the National System of Interstate and Defense highways upon the date of approval of the Route Location Decision and the approval of the addition of the highway to the National System of Interstate and Defense highways by the Governor and the United States Department of Transportation (Section 3.02 of the Act).

"Main-traveled way" means the traveled way (i.e., pavement) of a highway on which through traffic is carried. In the case of a divided highway, the traveled way of each of the separated roadways for traffic in opposite directions is a main-traveled way. It does not include such facilities as frontage roads, turning roadways, or parking areas (Section 3.05 of the Act).

"Maintain" means to allow to exist (Section 3.06 of the Act) and includes the periodic changing of advertising messages, customary maintenance and repair of signs and sign structures.

"Municipality" means a city, village, or incorporated town in the State of Illinois, but, "Municipal" or "Municipality" does not include a township, town when used as the equivalent of a township, incorporated town which has superseded a civil township, county, school district, park district, sanitary district or any other similar governmental district (Section 3.09 of the Act).

"National Highway System" is a designation provided to certain highways by the Department, which designation must be approved by the United States Department of Transportation and the United States Congress for the purpose of providing an interconnected system of principal arterial routes that serve major population centers, international border crossings, ports, airports, public transportation facilities, other major travel destinations, and interstate and inter-regional travel and meet national defense requirements. (Section 3.15 of the Act)

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Non-conforming sign and/or sign structure: A registered sign and/or sign structure lawfully in existence as of the effective date of the Highway Advertising Control Act (July 1, 1972), but which thereafter does not conform with the provisions of the Act. The term also includes a lawful sign and/or sign structure rendered non-conforming by its subsequently becoming subject to the terms of the Act, including but not limited to its being adjacent to a highway, and not in a business area, that subsequently comes under control of the Act or a sign and/or sign structure that is rendered non-conforming by subsequent amendment to the Act (except that sign and/or sign structures subject to the amendments of Section 6.01 (Size) and 6.03 (Spacing) of the Act by Public Act 87-1205 shall not be rendered non-conforming, the text of this paragraph notwithstanding). A non-conforming sign and/or sign structure may be repaired, but neither a lawfully erected conforming sign and/or sign structure nor a lawfully erected non-conforming sign and/or sign structure may be compelled to be altered or removed under this Act until just compensation is paid to the sign and/or sign structure owner and the owner or owners of the property on which the sign and/or sign structure is erected.

"Official notices" means service club and religious notices and public service signs.

"Official signs" means signs erected and maintained by public officers or public agencies within their territorial or zoning jurisdiction and pursuant to and in accordance with direction or authorization contained in Federal, State or local law for the purposes of carrying out an official duty or responsibility. Historical markers authorized by State law and erected by State or local government agencies or non-profit historical societies are considered official signs.

"On premise signs" means those signs which advertise activities conducted on the property on which they are located. Variety seed signs, fertilizer signs, and other agricultural product signs are not on premise signs unless at least fifty percent of the sign face is devoted to identification of the farm owner or operator. A sale or lease sign which also advertises any product or service not located upon and unrelated to the business of selling or leasing the land on which the sign is located is not an on premise sign.

"Parkland" means any publicly owned land which is designed or used as a public park, recreation area, conservation area, wildlife or waterfowl refuge or historic site.

"Primary highway" means any highway, other than an Interstate highway in--existence--on--June--17--1991, designated by the Department and approved by the United States Department of Transportation as a part

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of the Federal-Aid Primary System in existence on June 1, 1991 or any highway other than an Interstate highway that is not on such system that is on the National Highway System. (Section 3.03 of the Act).

"Public utility signs" means warning signs, informational signs, notices or markers which are erected and maintained by publicly or privately owned public utilities as essential to their operations.

"Responsible Local Officials" means in urbanized areas, principal elected officials of general purpose local governments acting through the Metropolitan Planning Organization designated by the Governor; or in urban areas not within any urbanized area, principal elected officials of general purpose local governments.

"Rest area" means an area or site established and maintained within or adjacent to the highway right of way by or under public supervision or control for the convenience of the traveling public.

"Right-of-way" includes all property, whether it is presently being used for highway purposes or not, either under the jurisdiction of the Department or owned in fee by the State of Illinois or dedicated to the People of the State of Illinois for highway purposes, for which the jurisdiction, maintenance, administration, engineering or improvement of any highway situated thereon has been contracted by the Department to any other highway authority pursuant to Section 4-409 of the Highway Code.

"Scenic area" means any area of particular scenic beauty or historical significance as determined by Federal, State or local officials having jurisdiction over said areas, and includes interests in land which have been acquired for the restoration, preservation and enhancement of scenic beauty.

"Scenic byway" means that portion of a highway that has been nominated by the Department to the United States Department of Transportation for designation as a National Scenic Byway or All-American Road, and that has received national designation. "Scenic byway" does not include a section of primary or Interstate highway that traverses a business area at the time of nomination, except in accordance with Section 14.02(a)(5) of the Act. (Section 3.16 of the Act)

"Secretary" means the Secretary of the Department.

"Service club and religious notices" means signs and notices relating to meetings of not for profit service clubs and charitable associations, or religious services.

"Sign" means any outdoor sign, display, device, notice, figure

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painting, drawing, message, placard, poster, billboard, or other thing, which is designated, intended or used to advertise or inform, and of which any part of the existing or intended advertising or informative contents is or will be visible from any place on the main-traveled way of any portion of an Interstate or primary highway and which is within 660 six-hundred-sixty feet of the nearest edge of the right-of-way of such highway (Section 3.07 of the Act).

"Sign" also means any sign described above which is more than 660 six hundred-sixty feet from the nearest edge of such highway right-of-way, outside of an urban area, visible from any place on the main-traveled way of any portion of such highway and erected with purpose of its message being read from such main-traveled way (Section 3.07 of the Act).

"Sign Structure" means the assembled components which make up an outdoor advertising display, including but not limited to uprights, supports, display area and trim.

"Unzoned commercial or industrial area" means any area adjacent to the right-of-way of a primary highway or an Interstate highway for purposes of Section 522.210, not zoned by any county or municipality and which lies within 600 six-hundred feet of any commercial or industrial activity. All measurements shall be from the outer edges of the regularly used buildings, parking lots, storage or processing areas of the activities, not from the property lines of the activities, and shall be along or parallel to the edge or pavement of the highway. On primary highways other than expressways, but not along Interstate highways for purposes of Section 522.210, where there is an unzoned commercial or industrial area on one side of the road in accordance with the preceding, the unzoned commercial or industrial area shall also include those lands directly opposite on the other side of the highway to the extent of the same dimensions except where such lands are publicly owned or controlled for scenic or recreational purposes (see Section 522.111, illustration B) (Section 3.11 of the Act).

"Urban area" means an urbanized area or, in the case of an urbanized area encompassing more than one state, that part of the urbanized area in each such state, or an urban place as designated by the Bureau of the Census of the United States having a population of 5,000 or more and not within any urbanized area, within boundaries to be fixed by responsible state and local officials in cooperation with each other, subject to approval by the Secretary of the United States Department of Transportation. Such boundaries shall, as a minimum, encompass the entire urban place designated by the Bureau of the Census (Section 3.14 of the Act).

"Visible" means capable of being seen (whether or not legible) without

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now, this shall be stated.
A) Verification of zoning classification will consist of an ordinance, certification by the current zoning official or any other documentation which shows the zoning classification.

B) Zoning must be comprehensive. Signs will not be permitted on spot zoned land on which the only possible commercial or industrial use is outdoor advertising.

2) A site drawing of the proposed location. The site drawing for business area signs other than on premise signs and signs that advertise the sale or lease of property on which they are located, shall contain at least the following information for signs to be erected outside of the counties of Cook, DuPage, Lake, McHenry, Kane, and Will:

- A) The exact location of the proposed sign.
- B) The distance as measured along the edge of the highway pavement between the proposed sign and the nearest existing sign(s) other than on premise signs and signs that advertise the sale or lease of property on which they are located, whether illegal or legal as long as the sign(s) is visible from any place on the main traveled way of the highway regardless of which highway the sign's message is primarily intended to face and, in urban areas, is within 660 feet of the nearest edge of the highway right-of-way. Measured distances between the proposed sign and the nearest existing sign shall be as prescribed in the table in subsection (b)(3).

C) The distance between the proposed sign and the nearest edge of the highway right-of-way.

D) For signs located along interstate highways or expressways outside incorporated municipalities, the distance between the proposed sign and the beginning or ending of pavement widening for any interchange within six hundred feet.

3) For signs with display area in excess of 150 ~~one-hundred-fifty~~ square feet located in the counties of Cook, DuPage, Lake, McHenry, Kane and Will, the site drawing shall contain all of the information required in subsection (b)(2) above, and in addition shall be prepared or approved by a land surveyor licensed by the State of Illinois and shall show measured distances between the proposed sign and the nearest existing sign according to the following table:

| Type of Highway | Distance (feet) |
|-------------------------------|-----------------|
| Interstate | 600 |
| Expressway | 600 |
| Primary (Unincorporated Area) | 600 |
| Primary (Incorporated Area) | 400 |

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visual aid by persons of normal visual acuity (Section 3.13 of the Act).

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART B: PERMIT APPLICATION AND REGISTRATION
PROCEDURES AND REQUIREMENTS

Section 522.30 Signs Requiring Permits and Registrations

The following types of signs may be erected and maintained only after a permit or registration has been issued by the Department.

- a) Signs along Interstate highways that advertise the sale or lease of property on which they are located;
- b) On premise signs located along Interstate highways;
- c) Signs located along Interstate highways that provide information relative to lodging, food, outdoor recreational facilities or automotive service facilities;
- d) Signs in business areas other than directional signs, official sign, official notices, public utility signs, or those non-business area signs described in subsections (a), (b), and (c) above;
- e) Any nonconforming sign listed in subsections (a)-(d) which, after receiving a permit or registration, becomes a damaged sign and the owner intends to repair the sign. These signs shall require no permits but shall not require payment of a fee;
- f) Any sign listed in subsections (a)-(d) which, after receiving a permit or a registration, is erected again, is enlarged or extended by the sign owner. These signs shall require new permits and payment of the application fee.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 522.50 Permit Application Contents

- a) The permit application shall be a form prescribed by the Department. The application shall require the applicant to provide specific information necessary for the District to determine whether a permit should be issued.

b) The following additional documentation shall be attached to the permit application:

- 1) Verification as to the zoning classification for the proposed sign location. For proposed signs along Interstate highways, the documentation shall show whether the site lies within incorporated limits as they existed on September 21, 1959, and, if not, the land use as it was zoned on September 21, 1959. If the site was not zoned on September 21, 1959, or is not zoned

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- 11) For signs to be located along Interstate highways in business areas on parcels of land located in areas which were unzoned on September 21, 1959, proof based on contemporaneous historical records of State actions that the land use on September 21, 1959 was business, commercial or industrial, must be submitted with the permit application.
- 12) When a permit has previously been issued for a specific sign at a specific site and the holder of that permit wishes to change that permitted sign in a manner that would require the issuance of a new permit, the applicant must provide a copy of the original permit application identifying the permit number and application approval. This type of application will also require the following:
 - A) A statement that the application is being submitted in order to move or improve an existing permitted sign and that this action will not cause any violations pursuant to the requirements of the Act and this Part.
 - B) The removal of the existing permitted sign will occur prior to the erection of any other sign approved as a result of this permit application.
 - C) All other requirements of the Act and this Part are satisfied without conditions.
- c) The applicant shall certify that all of the information provided is true and accurate.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 522.60 Receipt of Application

~~All permit applications shall be stamped or otherwise marked with the date and time upon receipt at the designated District office. Priority of processing permit applications shall be in the order they are received. If a receipt is requested showing the date and time the application was received, the applicant shall submit a self-addressed, stamped envelope. Applications must be delivered to the designated District office with jurisdiction and not to any other District or to personnel other than the personnel designated to accept applications. Mailed applications will be considered to be received on the date postmarked by the U.S. Postal Service (USPS) on the envelope (at 11:59 PM). Private postmark stamps, bulk rate, or business stamping machines will not establish the proper postmark. The postmark will be~~

- a) All permit applications shall be stamped or otherwise marked with the date and time upon receipt at the designated District office.
- b) Priority of processing permit applications shall be in the order they are received.
- c) If a receipt is requested showing the date and time the application was received, the applicant shall submit a self-addressed, stamped envelope.
- d) Applications must be delivered to the designated District office with jurisdiction and not to any other District or to personnel other than the personnel designated to accept applications.
- e) Mailed applications will be considered to be received on the date postmarked by the U.S. Postal Service (USPS) on the envelope (at 11:59 PM). Private postmark stamps, bulk rate, or business stamping machines will not establish the proper postmark. The postmark will be

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- 4) For signs with display area in excess of 150 one-hundred-fifty square feet, a current title commitment or other evidence of title showing ownership of the proposed site.
 - 5) Whenever the applicant does not own the proposed site, a fully executed site lease, contract to purchase or other proof of consent to erect and maintain a sign on the site. Leases shall contain all riders. Rents need not be shown. All changes made to the lease, contract to purchase, or consent which are related to the requirements of this Part shall also be submitted to the District. Whenever the lease, contract to purchase or consent is not signed by the property owner, proof of authority shall also be provided. A lease, contract to purchase, or other form of consent to erect and maintain a sign that is subject to a permit being issued by the Department to erect a sign will be considered a valid and binding document. If the lease, contract to purchase or other consent to erect and maintain a sign is terminated prior to the erection of the sign, the permit is void.
 - 6) For on-premise signs, a plat or survey shall be provided showing the location of the sign, the location of the activity being advertised, and the distance to the nearest edge of the highway right-of-way.
 - 7) For signs that advertise the sale or lease of property on which they are located, a site drawing shall be provided showing the location of the sign and the distance to the nearest edge of the highway right-of-way.
 - 8) For signs described by Section 522.210, the distance in air miles between the proposed sign and the activity advertised.
 - 9) A copy of written notice by the applicant to the municipality where the sign is to be located, or to the county where the sign is to be located in an unincorporated area, of the fact that an application has been filed with the Department. A copy of the completed application form shall be forwarded to the municipality or county.
 - 10) Remittance of the application fee by check or money order payable to the Treasurer of the State of Illinois. As of July 1, 1993, the application fee shall be as follows:
 - A) For signs of less than 150 square feet, \$50;
 - B) For signs of at least 150 but less than 300 square feet, \$100;
 - C) For signs of 300 or more square feet, \$200 (Section 8 44b/40 of the Highway Advertising Control Act of 1971) (115 Rev-Stat-1993-Chr-1217-par-5867-as-amended-by-P.A.--87-12057 effective-July-17-1993) [225 ILCS 440/8].
- The square feet shall be measured by the smallest square, rectangle, triangle, circle, or combination thereof which will encompass the entire display area. If one side of the sign provides for more display area than another, the measurements will be made on the larger side.

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established by the canceled stamp or USPS insignia on the envelope. If a postmark fails to exist, then the date shall be the date and time actually received and marked by the designated personnel at the District office.

f) Attempting to "notarize" or acknowledge a time other than 11:59 PM will not be recognized when applications are mailed.

g) Faxed or electronically submitted applications, letters, protests or messages will not be accepted unless agreed to in writing by the District office.

h) Applications submitted by delivery or expedited mail service (e.g., overnight mail, Federal Express, UPS) will be considered to be applications delivered in person and not applications submitted by the private postmark date.

i) If two or more applications are mailed or received at the same time that could contradict the interests of the others, and the District cannot determine which application was there first with any degree of certainty, priority will be determined by the District by lottery, drawing straws, coin toss, or any other fair and impartial method determined by the District.

j) To ease administration of permit applications, the Department, at its discretion, may group applications for a particular site or geographic area.

k) Priority will not defeat the erection of a validly permitted or registered but damaged sign re-erected at the same location.

l) Examples of Priority Applications:

1) Example One: Application "A" postmarked on the third of the month and received on the fifth; Application "B" hand delivered on the fifth. Application "A" has priority since it was postmarked on the third at 11:59 PM.

2) Example Two: Application "A" postmarked on the third of the month and received on the fifth; Application "B" received at 5:00 PM on the third. Application "B" has priority since it was received at 5:00 PM and Application "A" could have been mailed and postmarked up to 11:59 PM.

3) Example Three: Group A consists of five applications received at different times for a particular location with the first application having priority over the others. The administrator inspects the site during his/her regular duties or schedules a special trip. If conditions will not allow the issuance of a permit, the applications are denied. During the period for processing the denial, conditions change which may allow the issuance of a permit. The application with priority will be considered first, the application with second priority will be considered second, and so forth.

4) Example Four: Same facts as Example three but all five applications receive final denial notice from the District. District then moves on to Group B applications, inspects the site(s) and determines if any permits could be issued. If not, a

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30-day notice is sent. If, after reinspection, conditions change, the application with first priority in Group B is considered to determine whether a permit can be issued. If not, the second priority application is reviewed and so forth until the formal denial process ends. The District then moves on to Group C if one exists.

Example Five: Two applications arrive at different dates but are postmarked on the same date or two or more people claim they are first in line at the designated District office to have their applications processed. The District is unable to determine with any degree of certainty who has priority. The District will inform the parties that the District will determine priority by lottery as described in subsection (i) of this Part.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 522.80 Denial of Application

a) If a review of the application or a site investigation reveals that the permit application is incomplete, contains incorrect information or is not in compliance with the requirements of the Act or this Part, then the District shall notify the applicant in writing by certified mail of its intent to deny the permit application and state the reasons for that action. The notification shall inform the applicant that he/she has thirty calendar days from the date of receipt of the notification to challenge the intent to deny or to correct the deficiencies noted. No time extensions will be permitted. The challenge shall be made in writing, state the position of the applicant, the facts in support of that position and shall contain any relevant documentation. The challenge must be received in the District office within the thirty day period. The District will review the challenge and shall either approve or deny the application based on the requirements of this Part. No appeal may be taken from the District's decision on the challenged application. The applicant's priority will be retained pending the District's final decision. Only one application per applicant will be processed for the same site or any site within 500 feet of the site along an Interstate, expressway or a primary highway within a municipality, or within 300 feet along a primary highway within a municipality, for which a permit application is submitted prior to the final decision by the District.

b) If, after consideration of the challenge, the District approves the application, the procedures in Section 522.70 shall apply. If, after consideration of the challenge, the District denies the application, it shall be marked "denied" on its face and the reason for denial stated on the application. The District shall notify the permittee of the denial by sending a copy of the denied application and refunding

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the application fee.

- c) The permittee shall be deemed to have waived the right to challenge if the challenge is not filed in the time specified in subsection (a) above. In such case, the application will be denied and be processed in the same manner as an application denied with a challenge.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART C: REVOCATION OF PERMITS

Section 522.130 Review Procedures

a) Proceedings

- 1) In response to the timely receipt of the Reply requesting a review, the District shall notify the Director of Highways within ten days that a Review Request has been received. A copy of the notification shall also be sent to the permittee.
- 2) The District and the permittee shall submit, to the Director of Highways or designee, written arguments in duplicate supporting their positions within thirty days of the Review Request being received by the Director of Highways.

A) Written arguments must should contain proposed findings of fact and conclusions of law.

B) The Director of Highways or designee will provide the District and the Permittee with a copy of the opposing parties' written arguments. Written rebuttal arguments will not be considered unless they are submitted within 15 days of receipt of the opposing side's written arguments and a copy is sent to the opposing side.

C) Written rebuttal arguments will be considered only if received in duplicate by the Director of Highways or designee within 15 days after the date each party receives the opposing party's written arguments. A copy of these rebuttal arguments will also be provided to each party by the Director of Highways or the Director's designee. The Director of Highways or designee may hold a conference if it is necessary to adjudicate conflicting facts or to simplify relevant issues. Conferences may be held in person or by telephone.

D) The Director of Highways or designee may hold a conference if it is necessary to adjudicate conflicting facts or to simplify relevant issues. Conferences may be held in person or by telephone.

- 3) Within 30 thirty days after receipt of arguments and exhibits and a conference, if one is held, the Director of Highways or designee shall render the decision and promptly notify the District and the permittee in writing by certified mail of the

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decision.

- A) The decision will be based on the written arguments, the fact finding conference, and relevant exhibits.
- B) All ex parte communications with the Director of Highways or designee pertaining to the Review will be promptly summarized and communicated in writing to the uninformed party(ies).

- 4) If the permittee fails to submit written arguments or does not submit them within the thirty day period, the resultant decision will be that the allegation or allegations as set forth in the Notice of Intent to Revoke Permit are true, correct, and proven.
- 5) If the District fails to submit written arguments or does not submit them within the thirty day period, the resultant decision will be that the allegation or allegations as set forth in the Notice of Intent to Revoke Permit are unproven.

b) Departmental Action Following Review

- 1) If a sign has been found to be unlawful, the Department shall issue a "30 day letter" as provided in Section 522.140.
- 2) If a sign has been found to be in compliance with this Part, the permit will be considered lawful.
- 3) If the Director of Highways or designee finds that insufficient information has been provided, he/she shall direct the parties to supply the needed information so that a decision can be rendered.

(Source: Amended at 22 Ill. Reg. _____, effective _____)

SUBPART D: STANDARDS FOR SIGNS

Section 522.150 Signs that may not be Erected or Maintained

The following signs shall not be erected or maintained:

- a) Signs located within the right-of-way of an Interstate or primary highway or on any structure, wire, cable, or other device over or above an Interstate or primary highway right-of-way except the following:

- 1) Signs designating the name of the railroad which owns the bridge.
- 2) Signs designating the clearance provided (Section 9-112.1 and 9-112.2 of the Code) by the bridge.
- 3) Public utility signs.
- 4) Signs required by the Code.
- 5) Signs required by the Illinois Vehicle Code (111-Rev-Stat-1991-CH-95-1/27-pass-1-100-et-seq-1 [625 ILCS 5/1-100-et-seq-1]).

- 6) Signs, displays and devices giving specific information in the interest of the traveling public erected and maintained by the Department or by the Illinois State Toll Highway Authority.

b) Signs which attempt or appear to attempt to direct the movement of

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traffic or which contain wording, color or shape which is similar to official traffic control signs or other traffic control devices (Section 9-112.2 of the Code) as described in the Illinois Manual on Uniform Traffic Control Devices (92-111-Adm-Code-5467).

c) Signs which contain oscillating, rotating, flashing, intermittent or moving light or lights (Section 9-112.2 of the Code), except the following:

- 1) Signs giving public service information including but not limited to time, weather, date and temperature (Section 6.02(a) of the Act) and signs with displays that change not more frequently than once every 60 minutes.
- 2) Pole supported business or brand identification signs inside business areas with constant illumination and color and in which the only movement is a slow rotation of the entire body of the sign so as to be visible from all directions (Section 9-112.2 of the Code).
- 3) On premise signs which comply with Section 522.190(g).
- d) Signs which are erected, painted or drawn upon trees, rocks or other natural features (Section 5 of the Act).
- e) Signs which are obsolete (i.e., advertises something that is no longer there) or structurally unsafe or in disrepair (Section 5 of the Act), unless such structural conditions may be repaired in accordance with the provisions of the Act, and the sign owner agrees in writing to make the repairs within 30 days after receipt of the notice to remove.
- f) Signs which project beams or rays of light at the travelled way of a State highway or cause such beams or rays to create glare or to impair the vision of a driver of any motor vehicle (Section 6.02(b) of the Act).
- g) Signs which are located within 1,000 feet of official traffic signs, signals, or devices and obscure or interfere with a driver's view of such sign, signal or device (Section 6.03(a) of the Act).
- h) Signs which are located within 1,000 feet of approaching, merging or intersecting traffic and obscure or interfere with a driver's view of such traffic (Section 6.03(a) of the Act).
- i) Signs which require a permit for erection or registration under this Part and for which no permit or registration has been issued.
- j) Signs which advertise activities that are illegal under Federal, State or local law in effect at the location of those signs or activities.
- k) Signs which contain any animated or moving parts (Section 4.02(g) of the Act).
- l) Signs which violate airport hazard zoning regulations adopted by the Department pursuant to the Airport Zoning Act (411-Rev-Stat--1991 ch--15-1/2-Part--48-1-et-seq-7 [620 ILCS 25-1-et-seq-7]. [See Section 522.111 illustration 3.]
- m) Signs erected adjacent to a scenic byway that is a primary or Interstate highway after August 2, 1996, except those signs described in Sections 4.01, 4.02, 4.03, 4.06 and 4.08 of the Act (Section 5(d) of the Act).

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(Source: Amended at 22 Ill. Reg. _____, effective _____)

Section 522.190 Standards for On Premise Signs

In addition to the standards set forth in Section 522.150, the following standards shall apply to on premise signs located along Interstate highways outside business areas.

- a) There may not be more than one such sign located more than 50 feet from the advertised activity designed to attract traffic proceeding in any one direction (Section 4.03(a) of the Act).
- b) No such sign visible to traffic and located more than 50 feet from the advertised activity which displays any trade name referring to or identifying any service rendered or product sold, used or otherwise handled, may be permitted unless the name of the advertised activity is displayed as conspicuously as such trade name. This restriction does not apply if the trade name identifies or characterizes places for lodging, eating, telephone facilities, vehicle service and repair, or identifies vehicle equipment, parts, accessories, fuels, oils or lubricants being offered for sale at such places (Section 4.03(b) of the Act).
- c) No such sign which is located more than 50 feet from the activities conducted upon the property where the sign is located may exceed 20 feet in length, width or height or 150 square feet in area, including border and trim, but excluding supports (Sections 4.03(b) and (c) of the Act).
- d) No such sign shall be erected or maintained by a lessee on property that is not being leased for lessee's advertised activity.
- e) Such signs may be erected and maintained by persons who own and operate the business which is advertised on property contiguous with the property where the advertised activity is located as long as the parcels of land where the sign and business are located are owned by the same entity or person.
- f) No such sign will be considered part of or contiguous with the premises on which the advertised activity is conducted if its location, configuration, use or purpose indicates an attempt to circumvent the intent of the Act. Some examples of attempts to circumvent the intent of the Act include but are not limited to erecting signs on easements or narrow strips of land.
- g) No such sign may be erected or maintained which contains, includes, or is illuminated by any flashing, intermittent or moving light or lights except those which may be changed at reasonable intervals by electronic process or by remote control as long as these do not interfere with the effectiveness of an official traffic control device (Section 4.03(c) of the Act).

(Source: Amended at 22 Ill. Reg. _____, effective _____)

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Section 522.200 Standards for Signs in Business Areas

In addition to the standards set forth in Section 522.150, the following standards are applicable to signs in business areas:

- a) No such sign may be erected which exceeds 30 thirty feet in height, 60 sixty feet in length, and 1200 square feet in display area on each side including border and trim but excluding ornamental base or apron, supports and other structural members, measured by the smallest square, rectangle, triangle, circle, or combination thereof which will encompass the entire display area (Section 6.01 of the Act). No temporary extensions, cut-outs or ornamentation is allowed which enlarges a sign beyond 1200 square feet as measured herein. Except with respect to repair, rebuilding, or replacement of any sign lawfully erected before July 1, 1993, no such sign may be erected in any county with a population under 2,000,000 that exceeds 800 square feet in surface area per side excluding extensions and cut-outs. The extensions and cut-outs may account for no more than an additional 20% in sign surface area per side. (Section 6.01 of the Highway Advertising Control Act of 1971 (~~4111-Rev-Stat-1991v-ch--121--par-566-617--as-amended-by-P.A.-87-12057-effective-July-17-1993~~) [225 ILCS 440/6.017--~~as-amended-by-P.A.-87-12057-effective-July-17-1993~~])
- b) No more than two such signs may be erected in a facing with such facing not to exceed the size limitation stated in subsection (a) above.
- c) Such signs may be double faced or placed back to back or constructed in a V-type as long as the angle created is less than ninety degrees (Section 6.01 of the Act).
- d) No such sign may be erected along the same side of an interstate highway or expressway within five hundred feet of another such sign structure or location where another such sign has been permitted but not yet erected.
- e) Except with respect to repair, rebuilding, or replacement of any sign lawfully erected before July 1, 1993 (Section 6.01 of the Act), ~~as amended-by-P.A.-87-12057-effective-July-17-1993~~ when located outside of any incorporated municipality, no such sign may be erected along the same side of a primary highway within 500 ~~five--hundred~~ feet of another such sign structure or a location where another such sign has been permitted but not yet erected.
- f) Except with respect to repair, rebuilding, or replacement of any sign lawfully erected before July 1, 1993 (Section 6.01 of the Act), ~~as amended-by-P.A.-87-12057-effective-July-17-1993~~, when located inside of any incorporated municipality, no such sign may be erected along the same side of a primary highway within 300 three--hundred feet of another such sign structure or a location where another such sign has been permitted but not yet erected.
- g) The spacing requirements described in subsections (d), (e) and (f) above shall not apply to signs where the sign structures are completely separated or screened by buildings, natural surroundings or

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other obstructions in such manner that only one such sign facing located within such distance is visible at any one time (Section 6.03(b) of the Act). A sign structure cannot be construed as an obstruction of a sign.

- h) The spacing requirements described in subsections (d), (e) and (f) above shall be measured along the edge of the pavement of the highway between the points of each sign structure which lie closest to the highway pavement but in no event shall the distance between signs be less than the required spacing. (See Sections 522.111 and 522.112.) Signs visible from two or more highways must be considered in spacing measurements along all such highways. Any sign which has received a permit or a registration shall be included in spacing measurements whether or not the permit or registration has been revoked as long as the sign is visible from any place on the main traveled way of the highway. When measuring spacing between signs involving back-to-back or V-type sign structures and all points equidistant between the sign faces are on a line perpendicular to the edge of pavement, the measurement between such sign structures will be taken along the edge of pavement as shown in Section 522.111 and 522.112. If the measurements cannot conform to those shown in Section 522.111 and 522.112, the measurements for signs involving back-to-back or V-type sign structures shall be made between the points of each sign structure which lie closest to the highway pavement.
- i) Outside of an incorporated municipality, no sign structure may be erected along an interstate highway or expressway adjacent to or within 500 five--hundred feet of an interchange, rest area or weigh station, such 500 five--hundred feet to be measured along the main traveled way from the beginning or ending of pavement widening at the exit from or entrance to the main traveled way (Section 6.03(c) of the Act) (see Section 522.111 and 522.112).
- j) The requirements of this Section shall not be construed to apply to or impose additional limitations on directional signs, official signs, official notices, public utility signs, signs advertising the sale or lease of property on which they are located, or on premise signs nor shall such signs be counted nor shall measurements be made from them for purposes of determining compliance with (Section 6.04 of the Act) subsections (d), (e) and (f) above.

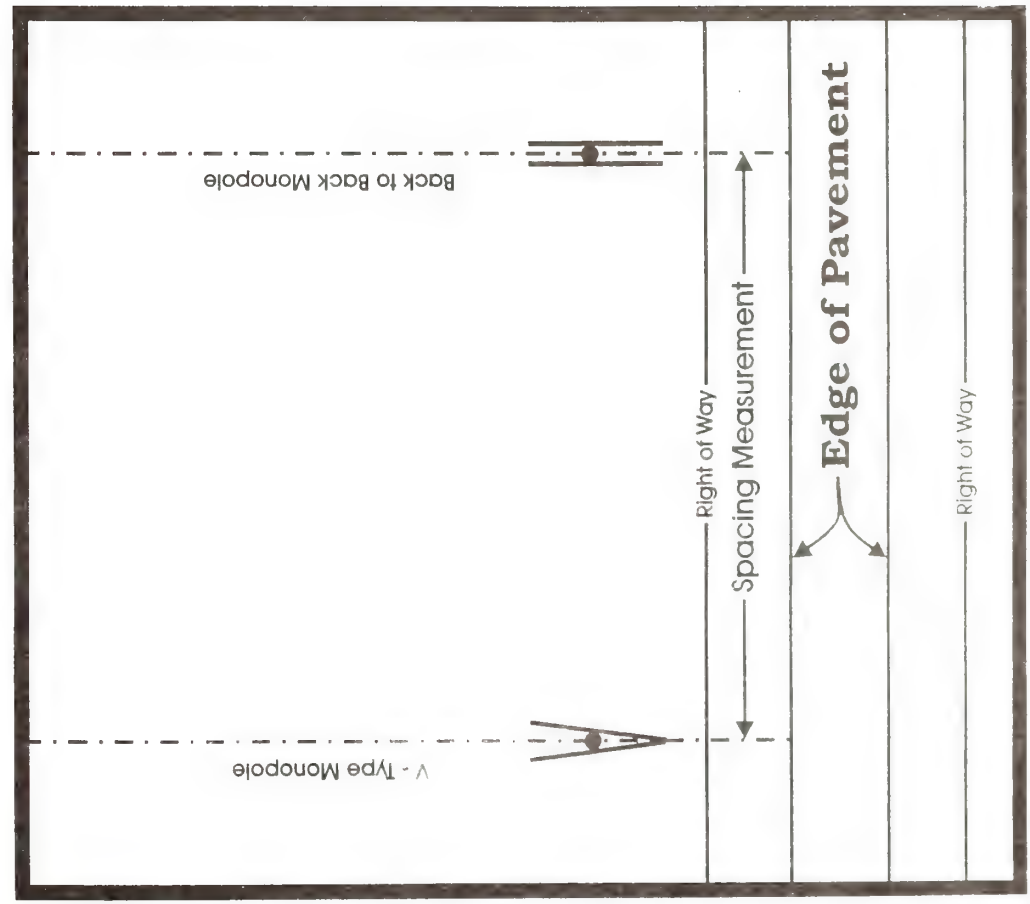
(Source: Amended at 22 Ill. Reg. _____, effective _____)

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(Source: Added at 22 Ill. Reg. _____, effective _____)

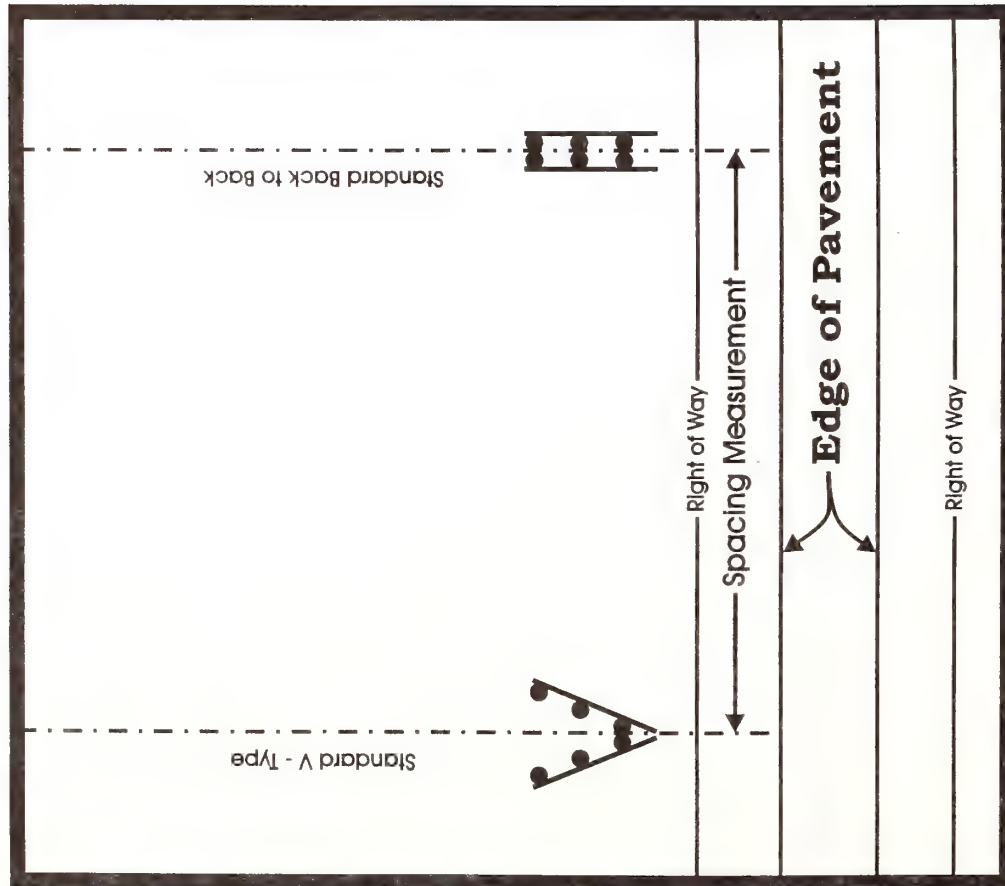
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Section 522. ILLUSTRATION K Spacing Measurement Monopole Back-to-Back V-Type



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Section 522. ILLUSTRATION L Spacing Measurement Standard Back-to-Back V-Type



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NOTICE OF PROPOSED AMENDMENTS

(Source: Added at 22 Ill. Reg. _____, effective _____)

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF ADOPTED AMENDMENTS

- 1) Heading of the Part: Pay Plan
- 2) Code Citation: 80 Ill. Adm. Code 310
- 3) Section Number:

| | | |
|-----------------|---------|----------------------|
| 310.110 | Amended | 21 Ill. Reg. 12803 |
| 310.130 | Amended | (September 19, 1997) |
| 310.290 | Amended | 21 Ill. Reg. 12803 |
| 310.450 | Amended | (September 19, 1997) |
| 310.530 | Amended | 21 Ill. Reg. 14648 |
| 310.540 | Amended | (November 14, 1997) |
| 310. Appendix B | Amended | 21 Ill. Reg. 14648 |
| 310. Appendix C | Amended | (November 14, 1997) |
| 310. Appendix D | Amended | 21 Ill. Reg. 14648 |
| 310. Appendix G | Amended | (November 14, 1997) |
- 4) Statutory Authority: Authorized by Section 8 and 8a of the Personnel Code [20 ILCS 415/8 and 8a].
- 5) Effective Date of Amendment: December 8, 1997
- 6) Does this rulemaking contain an automatic repeal date? No
- 7) Does this amendment contain incorporation by reference? No
- 8) Date filed in Agency's Principal Office: December 8, 1997
- 9) Notice of Proposal Published in Illinois Register: August 1, 1997; 21 Ill. Reg. 9923
- 10) Has JCRC issued a Statement of Objections to this rule? No
- 11) Difference between proposal and final version: In Section 310.110, the currency was changed to drop the ".00" after the dollar amount. In Section 310.530, paragraph b), the capitalization of "merit increases" was changed to lower case and the word "Alternative" was capitalized in reference to the Alternative Merit Increase Guidechart.
- 12) Have all the changes agreed upon by the agency and JCRC been made as indicated in the agreement letter issued by JCRC? Yes
- 13) Will these Amendments replace an emergency amendment currently in effect?
No
- 14) Are there any amendments pending to this part? Yes

Section Numbers Proposed Action Illinois Register Citation

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF ADOPTED AMENDMENTS

- | | | |
|-----------------|---------|----------------------|
| 310. Appendix D | Amended | 21 Ill. Reg. 12803 |
| | | (September 19, 1997) |
| 310. Appendix G | Amended | 21 Ill. Reg. 12803 |
| | | (September 19, 1997) |
| 310.230 | Amended | 21 Ill. Reg. 14648 |
| | | (November 14, 1997) |
| 310.270 | Amended | 21 Ill. Reg. 14648 |
| | | (November 14, 1997) |
| 310.280 | Amended | 21 Ill. Reg. 14648 |
| | | (November 14, 1997) |

- 15) Summary and Purpose of Amendment: The following amendments reflect the Fiscal Year 1998 Pay Plan changes that affect those employees subject to the Schedule of Salary Grades and Merit Compensation Plan.

In Sections 310.110, 310.130, 310.290, 310.530, 310.540, 310. Appendixes B, C, D and G, the dates were revised to reflect the new fiscal year.

The Schedule of Salary Grades reflects an alternative schedule with a 3% increase for those employees whose retirement formula rates were not changed as described in Section 310.110. Those employees whose retirement formula rates were changed shall receive a one-time lump sum payment of \$565, effective July 1, 1997. The salary ranges in Appendix B were not amended for Fiscal Year 1998 for those employees receiving the one-time lump sum payment.

In Section 310.450, revisions pertained to the merit increases being suspended for Merit Compensation employees, except those employees subject to the alternative retirement formula. The former merit increase guidechart was deleted since it will not be used for Fiscal Year 1998.

In Sections 310.530 and 310.540, modifications to the Pay Plan reflect the suspension of any merit increases for Merit Compensation employees whose retirement formula rates were changed. An inclusion was added to Section 310.530 that the above employees shall receive a one-time lump sum payment of \$565, except those employees subject to the alternative retirement formula, those employees on emergency or temporary appointment, and those employees who work less than 75% of the regular work schedule who will have the \$565 prorated on the basis of the employee's work schedule as a percent of the regular work schedule of the organizational unit.

The Merit Compensation employees whose retirement formula rates were not changed shall continue receiving their merit increases as outlined in Section 310.450 for Fiscal Year 1998. An alternative guidechart was added to Section 310.540 for these employees.

- 16) Information and questions regarding this adopted amendment shall be directed to:

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF ADOPTED AMENDMENTS

Mr. Michael Murphy
 Department of Central Management Services
 Division of Technical Services
 504 William G. Stratton Building
 Springfield, IL 62706
 (217) 782-5601

The full text of the Adopted Amendment(s) begins on the next page:

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF ADOPTED AMENDMENTS

TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES
 SUBTITLE B: PERSONNEL RULES, PAY PLANS, AND
 POSITION CLASSIFICATIONS

CHAPTER I: DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

PART 310
 PAY PLAN

SUBPART A: NARRATIVE

Section
 310.20
 310.30
 310.40
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AUTHORITY: Implementing and authorized by Sections 8 and 8a of the Personnel Code [20 ILCS 415/8 and 8a].

SOURCE: Filed June 28, 1967; codified at 8 Ill. Reg. 1558; emergency amendment at 8 Ill. Reg. 1990, effective January 31, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 2440, effective February 15, 1984; emergency amendment at 8 Ill. Reg. 3348, effective March 5, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 4249, effective March 16, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 5704, effective April 16, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 7290, effective May 11, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 12616, 11299, effective June 25, 1984; emergency amendment at 8 Ill. Reg. 12616, effective July 1, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 15007, effective August 6, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 15367, effective August 13, 1984; emergency amendment at 8 Ill. Reg. 21310, effective October 10, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 21544, effective October 24, 1984; amended at 8 Ill. Reg. 22844, effective November 14, 1984; emergency amendment at 9 Ill. Reg. 1134, effective January 16, 1985, for a maximum of 150 days; amended at 9 Ill. Reg. 1320, effective January 23, 1985; amended at 9 Ill. Reg. 3681, effective March 12, 1985; emergency amendment at 9 Ill. Reg. 4163, effective March 15, 1985, for a maximum of 150 days; emergency amendment at 9 Ill. Reg. 9231, effective May 31, 1985, for a maximum of 150 days; amended at 9 Ill. Reg. 9420, effective June 7, 1985; amended at 9 Ill. Reg. 10663, effective July 1, 1985; emergency amendment at 9 Ill. Reg. 15043, effective September 24, 1985, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 3325, effective January 22, 1986; amended at 10 Ill. Reg. 3230, effective January 24, 1986; emergency amendment at 10 Ill. Reg. 8904, effective May 13, 1986, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 8928, effective May 13, 1986; emergency amendment at 10 Ill. Reg. 12090, effective June 30, 1986, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 13675, effective July 31, 1986; peremptory amendment at 10 Ill. Reg. 14867, effective August 26, 1986; amended at 10 Ill. Reg. 15567, effective September 17, 1986; emergency amendment at 10 Ill. Reg. 17765, effective September 30, 1986, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 19132, effective October 28, 1986; peremptory

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amendment at 10 Ill. Reg. 21097, effective December 9, 1986; amended at 11 Ill. Reg. 648, effective December 22, 1986; peremptory amendment at 11 Ill. Reg. 3363, effective February 3, 1987; peremptory amendment at 11 Ill. Reg. 4388, effective February 27, 1987; peremptory amendment at 11 Ill. Reg. 6291, effective March 23, 1987; amended at 11 Ill. Reg. 5901, effective March 24, 1987; emergency amendment at 11 Ill. Reg. 8787, effective April 15, 1987, for a maximum of 150 days; emergency amendment at 11 Ill. Reg. 11830, effective July 1, 1987, for a maximum of 150 days; peremptory amendment at 11 Ill. Reg. 13675, effective July 29, 1987; amended at 11 Ill. Reg. 14984, effective August 27, 1987; peremptory amendment at 11 Ill. Reg. 15273, effective September 1, 1987; peremptory amendment 11 Ill. Reg. 17919, effective October 19, 1987; peremptory amendment at 11 Ill. Reg. 19812, effective November 19, 1987; emergency amendment at 11 Ill. Reg. 20664, effective December 4, 1987, for a maximum of 150 days; amended at 11 Ill. Reg. 20778, effective December 11, 1987; peremptory amendment at 12 Ill. Reg. 3811, effective January 27, 1988; peremptory amendment at 12 Ill. Reg. 5459, effective March 3, 1988; amended at 12 Ill. Reg. 6073, effective March 21, 1988; peremptory amendment at 12 Ill. Reg. 7783, effective April 14, 1988; emergency amendment at 12 Ill. Reg. 7734, effective April 15, 1988, for a maximum of 150 days; peremptory amendment at 12 Ill. Reg. 8135, effective April 22, 1988; peremptory amendment at 12 Ill. Reg. 9745, effective May 23, 1988; emergency amendment at 12 Ill. Reg. 11778, effective July 1, 1988, for a maximum of 150 days; emergency amendment at 12 Ill. Reg. 12895, effective July 18, 1988, for a maximum of 150 days; peremptory amendment at 12 Ill. Reg. 13306, effective July 27, 1988; corrected at 12 Ill. Reg. 13359; amended at 12 Ill. Reg. 14630, effective September 6, 1988; amended at 12 Ill. Reg. 20449, effective November 28, 1988; peremptory amendment at 13 Ill. Reg. 20584, effective November 28, 1988; peremptory amendment at 13 Ill. Reg. 8080, effective May 10, 1989; amended at 13 Ill. Reg. 8849, effective May 30, 1989; peremptory amendment at 13 Ill. Reg. 8970, effective May 26, 1989; emergency amendment at 13 Ill. Reg. 10967, effective June 20, 1989, for a maximum of 150 days; emergency amendment expired on November 17, 1989; amended at 13 Ill. Reg. 11451, effective June 28, 1989; emergency amendment at 13 Ill. Reg. 11854, effective July 1, 1989, for a maximum of 150 days; corrected at 13 Ill. Reg. 12647; peremptory amendment at 13 Ill. Reg. 12887, effective July 24, 1989; amended at 13 Ill. Reg. 16950, effective October 20, 1989; amended at 13 Ill. Reg. 19221, effective December 12, 1989; amended at 14 Ill. Reg. 615, effective January 2, 1990; peremptory amendment at 14 Ill. Reg. 1627, effective January 11, 1990; amended at 14 Ill. Reg. 4455, effective March 12, 1990; peremptory amendment at 14 Ill. Reg. 7652, effective May 7, 1990; amended at 14 Ill. Reg. 10002, effective June 11, 1990; emergency amendment at 14 Ill. Reg. 11330, effective June 29, 1990, for a maximum of 150 days; amended at 14 Ill. Reg. 14361, effective August 24, 1990; emergency amendment at 14 Ill. Reg. 15570, effective September 11, 1990, for a maximum of 150 days; emergency amendment expired on February 8, 1991; corrected at 14 Ill. Reg. 16092; peremptory amendment at 14 Ill. Reg. 17098, effective September 26, 1990; amended at 14 Ill. Reg. 17189, effective October 2, 1990; amended at 14 Ill. Reg. 17189, effective October 19, 1990; amended at 14 Ill. Reg. 18719, effective November 13, 1990; peremptory amendment at 14 Ill. Reg. 18854,

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effective November 13, 1990; peremptory amendment at 15 Ill. Reg. 663, effective January 7, 1991; amended at 15 Ill. Reg. 3296, effective February 14, 1991; amended at 15 Ill. Reg. 4401, effective March 11, 1991; peremptory amendment at 15 Ill. Reg. 5100, effective March 20, 1991; peremptory amendment at 15 Ill. Reg. 5465, effective April 2, 1991; emergency amendment at 15 Ill. Reg. 10485, effective July 1, 1991, for a maximum of 150 days; amended at 15 Ill. Reg. 11080, effective July 19, 1991; amended at 15 Ill. Reg. 13080, effective August 21, 1991; amended at 15 Ill. Reg. 14210, effective September 23, 1991; emergency amendment at 16 Ill. Reg. 711, effective December 26, 1991, for a maximum of 150 days; amended at 16 Ill. Reg. 3450, effective February 20, 1992; peremptory amendment at 16 Ill. Reg. 5068, effective March 11, 1992; peremptory amendment at 16 Ill. Reg. 7056, effective April 20, 1992; emergency amendment at 16 Ill. Reg. 8239, effective May 19, 1992, for a maximum of 150 days; amended at 16 Ill. Reg. 8382, effective May 26, 1992; emergency amendment at 16 Ill. Reg. 13950, effective August 19, 1992, for a maximum of 150 days; amended at 16 Ill. Reg. 14452, effective September 4, 1992, for a maximum of 150 days; amended at 17 Ill. Reg. 498, effective December 18, 1992; amended at 17 Ill. Reg. 590, effective January 4, 1993; amended at 17 Ill. Reg. 1819, effective February 2, 1993; amended at 17 Ill. Reg. 6441, effective April 8, 1993; emergency amendment at 17 Ill. Reg. 12900, effective July 22, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 13409, effective July 29, 1993; emergency amendment at 17 Ill. Reg. 13789, effective August 9, 1993, for a maximum of 150 days; emergency amendment at 17 Ill. Reg. 14666, effective August 26, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 19103, August 26, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 21858, effective October 25, 1993; emergency amendment at 17 Ill. Reg. 21858, effective December 1, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 22514, effective December 15, 1993; amended at 18 Ill. Reg. 1107, effective January 18, 1994; amended at 18 Ill. Reg. 5146, effective March 21, 1994; peremptory amendment at 18 Ill. Reg. 9562, effective June 13, 1994; emergency amendment at 18 Ill. Reg. 11299, effective July 1, 1994, for a maximum of 150 days; peremptory amendment at 18 Ill. Reg. 13476, effective August 17, 1994; emergency amendment at 18 Ill. Reg. 14417, effective September 9, 1994, for a maximum of 150 days; amended at 18 Ill. Reg. 16545, effective October 31, 1994; peremptory amendment at 18 Ill. Reg. 16708, effective October 28, 1994; amended at 18 Ill. Reg. 17191, effective November 21, 1994; amended at 19 Ill. Reg. 1024, effective January 24, 1995; peremptory amendment at 19 Ill. Reg. 2481, effective February 17, 1995; peremptory amendment at 19 Ill. Reg. 3073, effective February 17, 1995; amended at 19 Ill. Reg. 3456, effective March 7, 1995; peremptory amendment at 19 Ill. Reg. 5145, effective March 14, 1995; amended at 19 Ill. Reg. 6452, effective May 2, 1995; peremptory amendment at 19 Ill. Reg. 6688, effective May 1, 1995; amended at 19 Ill. Reg. 7841, effective June 1, 1995; amended at 19 Ill. Reg. 8156, effective June 12, 1995; amended at 19 Ill. Reg. 9096, effective June 27, 1995; emergency amendment at 19 Ill. Reg. 11954, effective August 1, 1995, for a maximum of 150 days; peremptory amendment at 19 Ill. Reg. 13979, effective September 19, 1995; peremptory amendment at 19 Ill. Reg. 15103, effective October 12, 1995; amended at 19 Ill. Reg. 16160,

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effective November 28, 1995; amended at 20 Ill. Reg. 308, effective December 22, 1995; emergency amendment at 20 Ill. Reg. 4060, effective February 27, 1996, for a maximum of 150 days; peremptory amendment at 20 Ill. Reg. 6334, effective April 22, 1996; peremptory amendment at 20 Ill. Reg. 7434, effective May 14, 1996; amended at 20 Ill. Reg. 8301, effective June 11, 1996; amended at 20 Ill. Reg. 8657, effective June 20, 1996; amended at 20 Ill. Reg. 9006, effective June 26, 1996; amended at 20 Ill. Reg. 9925, effective July 10, 1996; emergency amendment at 20 Ill. Reg. 10213, effective July 15, 1996, for a maximum of 150 days; amended at 20 Ill. Reg. 10841, effective August 5, 1996; peremptory amendment at 20 Ill. Reg. 13408, effective September 24, 1996; amended at 20 Ill. Reg. 15018, effective November 7, 1996; peremptory amendment at 20 Ill. Reg. 15092, effective November 7, 1996; emergency amendment at 21 Ill. Reg. 1023, effective January 6, 1997, for a maximum of 150 days; amended at 21 Ill. Reg. 1629, effective January 22, 1997; amended at 21 Ill. Reg. 5144, effective April 15, 1997; amended at 21 Ill. Reg. 6444, effective May 15, 1997; amended at 21 Ill. Reg. 7118, effective June 3, 1997; emergency amendment at 21 Ill. Reg. 10061, effective July 21, 1997, for a maximum of 150 days; emergency amendment at 21 Ill. Reg. 12859, effective September 8, 1997, for a maximum of 150 days; amended at 21 Ill. Reg. 16344, effective DEC 03 1997.

SUBPART A: NARRATIVE

Section 310.110 Implementation of Pay Plan Changes for Fiscal Year 1998 1997

- a) The rates of pay for all employees occupying positions subject to the Schedule of Salary Grades shall be as set out in Appendix B, Schedule of Salary Grades -- Monthly Rates of Pay for Fiscal Year 1998 1997.
- b) Employees whose retirement formula rates were changed and are subject to the Schedule of Salary Grades and Out-of-State or Foreign Service Rates shall receive a one-time lump sum payment of \$565, except those employees on emergency or temporary appointment, and those employees who work less than 75% of the regular work schedule who will have the \$565 prorated on the basis of the employee's work schedule as a percent of the regular work schedule of the organizational unit.
- All employees whose retirement formula rates were not changed and are subject to the above shall receive a 3% increase, effective July 1, 1997. b) Any employee who received a salary payment for part of Fiscal Year 1996 that did not reflect the rates in Section 310-Appendix B for Fiscal Year 1997 shall receive a lump-sum payment equal to the difference between what was initially paid and what is appropriate per that provision.
- c) The Step-in rate for each salary range that was in effect as of duty in 1994, will remain the same and be put into the Fiscal Year 1997 Schedule of Salary Grades as Step-in.

(Source: Amended, 21 Ill. Reg. 16344, effective DEC 03 1997.)

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Section 310.130 Effective Date

The effective date of this Pay Plan Narrative (Subpart A), Schedule of Rates (Subpart B), and Schedule of Salary Grades (Appendix B), shall be July 1, 1997 1996.

(Source: Amended at 21 Ill. Reg. 16344, effective DEC 03 1997.)

SUBPART B: SCHEDULE OF RATES

Section 310.290 Out-of-State or Foreign Service Rate

The rate of pay for employees occupying positions which require payment in accordance with the economic conditions and social legislation of another state or foreign country. An adjustment may be made to the salary of an employee stationed in a foreign country to compensate for a change in the currency exchange rate. The Director of the Department of Central Management Services will, before approving an adjustment, consider the need of the employing agency, the treatment of other similar situations, prevailing practices of other employers, and the equity of the particular circumstances.

Title

Effective
Fiscal Year 1998 1997

Foreign Service Economic Development Executive I

3256-5814

Foreign Service Economic Development Executive II

4170-7619

Foreign Service Economic Development Representative

2767-4984

Office Administrator IV
(States Other Than California and New Jersey)

2175-3651

(CA, NJ)
2458-4128

Office Assistant (Foreign Service)

1719-2320

Office Associate
(States Other Than California and New Jersey)
(CA, NJ)

1839-2521

2079-2850

Public Service Administrator

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2916-6189
3297-6997

(States Other Than California and New Jersey)
(CA, NJ)

1909-2630
2158-2973

Office Coordinator
(States Other Than California and New Jersey)
(CA, NJ)

2601-3717
2941-4202

Revenue Auditor I
(States Other Than California and New Jersey)
(CA, NJ)

3033-4392
3428-4965

Revenue Auditor II
(States Other Than California and New Jersey)
(CA, NJ)

3685-4932
3709-5576

Revenue Auditor III
(States Other Than California and New Jersey)
(CA, NJ)

2168-3031
2451-3427

Revenue Auditor Trainee
(States Other Than California and New Jersey)
(CA, NJ)

2168-3031
2451-3427

Revenue Tax Specialist I
(States Other Than California and New Jersey)
(CA, NJ)

2371-3357
2681-3795

Revenue Tax Specialist II
(States Other Than California and New Jersey)
(CA, NJ)

1983-2753
2241-3112

Revenue Tax Specialist Trainee
(States Other Than California and New Jersey)
(CA, NJ)

4018-9168
4542-10364

Senior Public Service Administrator
(States Other Than California and New Jersey)
(CA, NJ)

(Source: Amended at 21 Ill. Reg. 1634A, effective

DEC 08 1997)

SUBPART C: MERIT COMPENSATION SYSTEM

Section 310.450 Procedures for Determining Annual Merit Increases

- a) An annual merit increase is an in-range salary adjustment for demonstrated performance.

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- b) Eligibility for an annual merit increase shall be determined by the following conditions:

1) Each employee will be eligible for a merit review after attaining 12 months creditable service. The employee's immediate supervisor shall prepare an Individual Development and Performance Evaluation form prior to the Performance Review Date, and discuss the results with the employee.

2) Should the Individual Development and Performance review result in the employee not being eligible for an annual merit increase due to provisions of subsection 310.450(d), or should the employee's base rate be at the maximum rate of pay of the salary range assigned to the employee's position, the employee will not be eligible for an annual merit increase until 12 months of additional creditable service has been accrued.

- c) Based upon the results of the Individual Development and Performance Evaluation, the employees' immediate supervisor shall determine whether the employee's performance warrants or does not warrant an annual merit increase.

d) Until further amendment, merit increases are suspended for Merit Compensation employees, except those who are subject to the alternative retirement formula. The amount of an annual merit increase recommendation shall be determined for those employees subject to the alternative retirement formula by use of the

Alternative Retirement Formula Merit Increase Guidechart of Section 310.540. The amount of an annual merit increase recommendation shall be determined by use of the Merit Increase Guidechart of Section 310.540 if the employee is an individual development and performance evaluation has on the performance review date been evaluated at a category 3 or higher level. An employee whose individual development and performance evaluation has on the performance review date been evaluated at a category 4 shall not receive an increase in the present base salary. However, in no event is the resulting salary to be lower than the minimum or higher than the maximum rate of pay of the respective salary range assigned to the employee's position.

e) The employee's immediate supervisor shall prepare a Performance Certification and Salary Increase Recommendation form, indicating whether or not the employee is eligible for an annual merit increase and the amount thereof.

f) The employee's immediate supervisor shall forward the Individual Development and Performance Evaluation records and Performance Certification and Salary Increase Recommendation records to the agency head or a designated authority for review and approval.

g) Annual merit increases in pay shall become effective the first day of the month in which the employee's Performance Review Date occurs.

(Source: Amended at 21 Ill. Reg. 1634A, effective

DEC 08 1997)

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Section 310.530 Implementation

- a) The salary schedule for the Merit Compensation System for Fiscal Year 1998 will continue 1997-~~is~~ as set forth in Appendix D of the Pay Plan. The Merit Increase Guidechart for Fiscal Year 1998 ~~1997--is~~ as set forth in Section 310.540 of the Pay Plan is modified to suspend merit increases until further amendment, except for those employees subject to the alternative retirement formula whose retirement formula rates were not changed. The Alternative Merit Increase Guidechart in Section 310.540 will apply for these alternative retirement formula employees.
- c) Employees subject to the Merit Compensation System shall receive a one-time lump sum payment of \$565, except those employees subject to the alternative retirement formula, those employees on emergency or temporary appointment, and those employees who work less than 75% of the regular work schedule who will have the \$565 prorated on the basis of the employee's work schedule as a percent of the regular work schedule of the organizational unit.

(Source: Amended at 21 Ill. Reg. 16344, effective DEC 08 1997.)

Section 310.540 Annual Merit Increase Guidechart for Fiscal Year 1998 1997

Until further amendment, merit increases are suspended for all Merit Compensation employees other than those subject to the alternative retirement formula, effective July 1, 1997.

The Merit Increase Guidechart for alternative retirement formula employees only is as set forth below:

| Category | Definition | Increase |
|---|---------------------------|------------------|
| Category 1 | Exceptional | 0% to 6% |
| Category 2 | Accomplished/Satisfactory | 0% to 4% |
| Category 3 | Less Than Satisfactory | 0% |
| Category-1 | Exceptional | 0%-to-5%-+-\$125 |
| Category-2 | Accomplished | 0%-to-3%-+-\$125 |
| Category-3 | Acceptable | 0%-to-3% |
| Category-4 | Unacceptable | 50 |
| (Source: Amended at 21 Ill. Reg. <u>16344</u> , effective | | |

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Section 310.APPENDIX B Schedule of Salary Grades -- Monthly Rates of Pay for Fiscal Year 1998 1999

| Salary Grade | Step 1c | Step 1b | Step 1a | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 |
|--------------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|
| 1 | 1284 | 1323 | 1363 | 1404 | 1447 | 1486 | 1529 | 1578 | 1619 | 1695 |
| 2 | 1324 | 1364 | 1405 | 1447 | 1486 | 1529 | 1580 | 1625 | 1670 | 1747 |
| 3 | 1360 | 1401 | 1443 | 1486 | 1529 | 1581 | 1628 | 1674 | 1722 | 1811 |
| 4 | 1399 | 1441 | 1484 | 1529 | 1581 | 1632 | 1678 | 1735 | 1782 | 1874 |
| 5 | 1447 | 1490 | 1535 | 1581 | 1634 | 1688 | 1742 | 1793 | 1846 | 1937 |
| 6 | 1495 | 1540 | 1586 | 1634 | 1689 | 1744 | 1804 | 1860 | 1920 | 2017 |
| 7 | 1546 | 1592 | 1640 | 1689 | 1747 | 1809 | 1870 | 1931 | 1995 | 2102 |
| 8 | 1599 | 1647 | 1696 | 1747 | 1814 | 1879 | 1950 | 2013 | 2082 | 2192 |
| 9 | 1660 | 1710 | 1761 | 1814 | 1882 | 1955 | 2025 | 2101 | 2173 | 2287 |
| 10 | 1724 | 1776 | 1829 | 1884 | 1966 | 2037 | 2115 | 2189 | 2268 | 2394 |
| 11 | 1800 | 1854 | 1910 | 1967 | 2049 | 2124 | 2211 | 2293 | 2371 | 2504 |
| 12 | 1885 | 1942 | 2000 | 2060 | 2148 | 2228 | 2321 | 2405 | 2497 | 2636 |
| 13 | 1967 | 2026 | 2087 | 2150 | 2240 | 2336 | 2431 | 2522 | 2619 | 2768 |
| 14 | 2062 | 2124 | 2188 | 2254 | 2350 | 2449 | 2559 | 2656 | 2759 | 2919 |
| 15 | 2153 | 2218 | 2285 | 2354 | 2463 | 2570 | 2675 | 2784 | 2888 | 3060 |
| 16 | 2262 | 2330 | 2400 | 2472 | 2586 | 2704 | 2817 | 2934 | 3052 | 3232 |
| 17 | 2373 | 2444 | 2517 | 2593 | 2717 | 2843 | 2962 | 3083 | 3208 | 3399 |
| 18 | 2501 | 2576 | 2653 | 2733 | 2866 | 2999 | 3135 | 3264 | 3394 | 3596 |
| 19 | 2637 | 2716 | 2797 | 2881 | 3028 | 3170 | 3317 | 3457 | 3602 | 3819 |
| 20 | 2786 | 2870 | 2956 | 3045 | 3197 | 3348 | 3506 | 3657 | 3808 | 4041 |
| 21 | 2942 | 3030 | 3121 | 3215 | 3380 | 3543 | 3708 | 3877 | 4038 | 4289 |

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|----|------|------|------|------|------|------|------|------|------|------|
| 22 | 3110 | 3203 | 3299 | 3398 | 3575 | 3750 | 3926 | 4108 | 4281 | 4546 |
| 23 | 3299 | 3398 | 3500 | 3605 | 3796 | 3990 | 4179 | 4372 | 4562 | 4848 |

Schedule of Salary Grades (Alternative Retirement Formula only) - Monthly Rates of Pay for Fiscal Year 1998

| Salary Grade | Step 1c | Step 1b | Step 1a | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 |
|--------------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|
| 1a | 1323 | 1363 | 1404 | 1446 | 1490 | 1531 | 1575 | 1625 | 1668 | 1746 |
| 2a | 1364 | 1405 | 1447 | 1490 | 1531 | 1575 | 1627 | 1674 | 1720 | 1799 |
| 3a | 1401 | 1443 | 1486 | 1531 | 1575 | 1628 | 1677 | 1724 | 1774 | 1865 |
| 4a | 1441 | 1484 | 1529 | 1575 | 1628 | 1681 | 1728 | 1787 | 1835 | 1930 |
| 5a | 1490 | 1535 | 1581 | 1628 | 1683 | 1739 | 1794 | 1847 | 1901 | 1995 |
| 6a | 1540 | 1586 | 1634 | 1683 | 1740 | 1796 | 1858 | 1916 | 1978 | 2078 |
| 7a | 1592 | 1640 | 1689 | 1740 | 1799 | 1863 | 1926 | 1989 | 2055 | 2165 |
| 8a | 1647 | 1696 | 1747 | 1799 | 1868 | 1935 | 2009 | 2073 | 2144 | 2258 |
| 9a | 1710 | 1761 | 1814 | 1868 | 1938 | 2014 | 2086 | 2164 | 2238 | 2356 |
| 10a | 1776 | 1829 | 1884 | 1941 | 2025 | 2098 | 2178 | 2255 | 2336 | 2466 |
| 11a | 1854 | 1910 | 1967 | 2026 | 2110 | 2188 | 2277 | 2362 | 2442 | 2579 |
| 12a | 1942 | 2000 | 2060 | 2122 | 2212 | 2295 | 2391 | 2477 | 2572 | 2715 |
| 13a | 2026 | 2087 | 2150 | 2215 | 2307 | 2406 | 2504 | 2598 | 2698 | 2851 |
| 14a | 2124 | 2188 | 2254 | 2322 | 2421 | 2522 | 2636 | 2736 | 2842 | 3007 |
| 15a | 2218 | 2285 | 2354 | 2425 | 2537 | 2647 | 2755 | 2868 | 2975 | 3152 |
| 16a | 2330 | 2400 | 2472 | 2546 | 2664 | 2785 | 2902 | 3022 | 3144 | 3329 |
| 17a | 2444 | 2517 | 2593 | 2671 | 2799 | 2928 | 3051 | 3175 | 3304 | 3501 |
| 18a | 2576 | 2653 | 2733 | 2815 | 2952 | 3089 | 3229 | 3362 | 3496 | 3704 |
| 19a | 2716 | 2797 | 2881 | 2967 | 3119 | 3265 | 3417 | 3561 | 3710 | 3934 |

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

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| | | | | | | | | | | |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>20a</u> | <u>2870</u> | <u>2956</u> | <u>3045</u> | <u>3136</u> | <u>3293</u> | <u>3448</u> | <u>3611</u> | <u>3767</u> | <u>3922</u> | <u>4162</u> |
| <u>21a</u> | <u>3030</u> | <u>3121</u> | <u>3215</u> | <u>3311</u> | <u>3481</u> | <u>3649</u> | <u>3819</u> | <u>3993</u> | <u>4159</u> | <u>4418</u> |
| <u>22a</u> | <u>3203</u> | <u>3299</u> | <u>3398</u> | <u>3500</u> | <u>3682</u> | <u>3863</u> | <u>4044</u> | <u>4231</u> | <u>4409</u> | <u>4682</u> |
| <u>23a</u> | <u>3398</u> | <u>3500</u> | <u>3605</u> | <u>3713</u> | <u>3910</u> | <u>4110</u> | <u>4304</u> | <u>4503</u> | <u>4699</u> | <u>4993</u> |

(Source: Amended at 21 Ill. Reg. , effective)

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF ADOPTED AMENDMENTS

Section 310.APPENDIX C Medical Administrator Rates for Fiscal Year 1998 1997

| Title | Minimum Salary | Midpoint Salary | Maximum Salary |
|---------------------------------------|-------------------|--------------------|-------------------|
| Medical Administrator I, Option C | 6,845 | 8,327 | 9,809 |
| Medical Administrator I, Option D | 7,644 | 9,168 | 10,692 |
| Medical Administrator II, Option C | 7,396 | 8,906 | 10,416 |
| Medical Administrator II, Option D | 8,494 | 10,070 | 11,646 |
| Medical Administrator III | 8,795 | 10,522 | 12,249 |
| Medical Administrator IV | 8,938 | 10,665 | 12,392 |
| Medical Administrator V | 9,082 | 10,811 | 12,540 |

The rates of pay for physicians occupying or appointed to a position in the Medical Administrator classes shall be as listed in the above schedule. All provisions of Subpart C of the Pay Plan, Merit Compensation System will apply to the Medical Administrator positions.

(Source: Amended at 21 Ill. Reg. , effective)

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

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Section 310.APPENDIX D Merit Compensation System Salary Schedule for Fiscal Year 1998 1997

| Salary Range | Minimum Salary | Midpoint Salary | Maximum Salary |
|--------------|----------------|-----------------|----------------|
| MC 01 | 1,813 | 2,411 | 3,009 |
| MC 02 | 1,891 | 2,533 | 3,175 |
| MC 03 | 1,982 | 2,680 | 3,378 |
| MC 04 | 2,072 | 2,806 | 3,540 |
| MC 05 | 2,175 | 2,968 | 3,761 |
| MC 06 | 2,285 | 3,119 | 3,953 |
| MC 07 | 2,406 | 3,308 | 4,210 |
| MC 08 | 2,536 | 3,509 | 4,482 |
| MC 09 | 2,680 | 3,704 | 4,728 |
| MC 10 | 2,831 | 3,944 | 5,057 |
| MC 11 | 2,990 | 4,187 | 5,384 |
| MC 12 | 3,175 | 4,467 | 5,759 |
| MC 13 | 3,390 | 4,775 | 6,160 |
| MC 14 | 3,626 | 5,126 | 6,626 |
| MC 15 | 3,892 | 5,496 | 7,100 |
| MC 16 | 4,166 | 5,905 | 7,644 |
| MC 17 | 4,496 | 6,373 | 8,250 |
| MC 18 | 4,846 | 6,853 | 8,460 |
| MC 19 | 5,234 | 6,945 | 8,656 |

(Source: Amended at 21 Ill. Reg. _____, effective _____)

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF ADOPTED AMENDMENTS

Section 310.APPENDIX G Broad-Band Pay Range Classes Salary Schedule for Fiscal Year 1998

| Title | Minimum Salary | Maximum Salary |
|---|----------------|----------------|
| Human Resources Representative | 1,891 | 3,540 |
| Human Resources Specialist | 2,175 | 4,210 |
| Public Service Administrator | 2,536 | 5,382 |
| Senior Public Service Administrator, Level I | 3,494 | 6,097 |
| Senior Public Service Administrator, Level II | 4,292 | 7,972 |

(Source: Amended at 21 Ill. Reg. _____, effective _____)

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1) Heading of the Part: Preferred Provider Program Administrators2) Code Citation: 50 Ill. Adm. Code 2051

| <u>Section Number:</u> | <u>Adopted Action:</u> |
|------------------------|------------------------|
| 2051.20 | Amended |
| 2051.30 | Amended |
| 2051.50 | Amended |
| 2051.55 | New Section |
| 2051.60 | Amended |
| 2051.65 | New Section |
| 2051.85 | New Section |
| EXHIBIT A | New Section |
| EXHIBIT B | New Section |
| EXHIBIT C | New Section |

4) Statutory Authority: Implementing and authorized by Article XX 1/2 and further authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/370f and 401].5) Effective Date of Amendments: December 9, 19976) Does this amendment contain an automatic repeal date? No7) Does this amendment contain incorporations by reference? No8) Date filed in Agency's Principal Office: December 9, 19979) Notice of Proposal Published in Illinois Register:

July 11, 1997, 21 Ill. Reg. 8766

10) Has JCAR issued a Statement of Objections to this amendment? No11) Difference(s) between proposal and final version:

a) In the table of contents, line 12, delete "Procedure for Filing of Preferred Provider Arrangements". In lieu thereof add "Administrator Application Filing Procedures".

b) In the Table of Contents, line 19, add "EXHIBIT A Preferred Provider Program Administrator Registration Form - PPA-1".

c) In the Table of Contents, line 19 add "EXHIBIT B Biographical Affidavit".

d) In the Table of Contents, line 19 add "EXHIBIT C Preferred Provider Program Administrator Bond/Fiduciary Account Requirement".

e) In the main authority note, line 22, strike "et seq."

DEPARTMENT OF INSURANCE

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f) In Section 2051.30, line 47, strike the quotation marks around "Health Maintenance Organization".

g) In Section 2051.30, line 52, add "means" after "person" and delete comma.

h) In Section 2051.30, line 72 delete "Since these amendments do not address the "manner" in which the Director may resolve an issue regarding "control" does that mean the DOI will wait until the occasion arises before will determine the process/procedures for resolution?" and add "This presumption may be rebutted by a showing made in the manner as the Director may provide by rule. The Director may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect."

i) In Section 2051.30, line 84, delete "5/" before "307g(h)".

j) In Section 2051.30, line 96, delete "among".

k) In Section 2051.30, line 106, add "Non-preferred Provider means any provider that does not have a contractual relationship with the administrator."

l) In Section 2051.30, line 107, delete "preferred provider program" and add "administrator".

m) In Section 2051.30, line 108, strike comma after "plan".

n) In Section 2051.30, line 112, delete the period after "practice" and add ", or a chiropractic physician licensed to treat human ailments without the use of drugs or operative surgery [77 Ill. Adm. Code 240.2]".

o) In Section 2051.50, line 145, change "2051.60" to "2051.55".

p) In Section 2051.50, delete "2051.90" and retain "2051.60".

q) Section 2051.55, line 211, delete "Procedure for Filing of Preferred Provider Arrangements". In lieu thereof add "Administrator Application Filing Procedures".

r) Section 2051.55, line 213, delete "on a Form PPA-1 prescribed by the Director" and add "in the format specified by Exhibits A, B and C of this Part" after "documents".

s) Section 2051.55, line 233-241 delete text and add "Terms stating

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whenever an administrator or a preferred provider finds it medically necessary to refer a beneficiary to a non-preferred provider the payor shall ensure that the beneficiary so referred shall incur no greater out of pocket liability than had the beneficiary received services from a preferred provider."

- t) Section 2051.55, line 240, add "that" after "requiring".
- u) Section 2051.55, line 242, change the colon to a period.
- v) Section 2051.55 lines 243, 253, 255, 374, 398, 410, 448 and 453, delete "participating" and add "preferred" following "provider".
- w) Section 2051.55, line 243, add "that", after "stating".
- x) Section 2051.55, line 255, add "to" after "number".
- y) Section 2051.55, line 264 add "if any" after "processes".
- z) Section 2051.55, line 284 delete "a physician" add "s" to "provider" and delete "or a change in privileges at any hospital or admitting facility".
- aa) Section 2051.55, lines 284, 288 and 292 capitalize "state".
- bb) Section 2051.55, line 289 delete "G)" A provision requiring non-physicians health care professional providers to be properly licensed and/or certified by the state, where licensure or certification is required by the state to practice a health care profession".
- cc) Section 2051.55, line 294, delete "H)" A provision requiring facility providers to be properly licensed by the state."
- dd) Section 2051.55, line 296 change "I)" to "G)".
- ee) Section 2051.55, line 299 add "The administrator shall be notified immediately of any changes in privileges at any hospital or admitting facility". after "contract".
- ff) Section 2051.55, line 303, change "J)" to "H)".
- gg) Section 2051.55, line 319, change "of" to "after".
- hh) Section 2051.55, line 322, change "that" to "who".
- ii) Section 2051.55, line 323, change "K)" to "I)".

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- jj) Section 2051.55, line 329, change "L)" to "J)".
- kk) Section 2051.55, line 330, add "sold, leased," after "be".
- ll) Section 2051.55, line 330, add "otherwise" after "or", add "either party" after "by", delete "the provider" and add "and informed" after "written".
- mm) Section 2051.55, line 333, change "M)" to "K)", delete "participating" and add "preferred" before "provider".
- nn) Section 2051.55, line 340, change "N)" to "L)".
- oo) Section 2051.55, line 343, delete "administrator". Also add "preferred provider program" after "the".
- pp) Section 2051.55, line 346, change "O)" to "M)". Also delete "participating" and add "preferred" before "provider".
- qq) Section 2051.55, line 348, delete the comma after "copayments".
- rr) Section 2051.55, line 349, delete "members" and add "beneficiaries" after "to".
- ss) Section 2051.55, line 352, change "P)" to "N)".
- tt) Section 2051.55, line 355, change "Q)" to "O)".
- uu) Section 2051.55, line 357, change "R)" to "P)".
- vv) Section 2051.55, line 359, change "S)" to "Q)".
- ww) Section 2051.55, line 365, change "T)" to "R)".
- xx) Section 2051.55, line 371, change "U)" to "S)".
- yy) Section 2051.55, line 380, delete "medical" and add "preferred" before "providers".
- zz) Section 2051.55, line 382, delete "preferred provider plan" and add "administrator" after "the".
- aaa) Section 2051.55, line 442, delete "Appropriate". Also change "policies" to "Policies".
- bbb) Section 2051.55, line 451, add a comma after "ensure".
- ccc) Section 2051.55, line 461, delete the comma after "Code".

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ddd) Section 2051.55, line 462-464 delete all text. In lieu thereof add "A description of programs for utilization review including procedures for timely investigation, resolution of questions, and appeals from beneficiaries and providers."

eee) Section 2051.55, line 465-467 delete all text.

fff) Section 2051.55, line 468-472 delete all text.

ggg) Section 2051.55, line 473-474 delete all text.

hhh) Section 2051.55, line 478, change "insurance" to "Insurance".

iii) Section 2051.55, line 491, delete "and apply these standards consistently".

jjj) Section 2051.60, line 497, strike "thereafter" and change "1st" to "1".

kkk) Section 2051.60, line 498, add "and" after "year".

lll) Section 2051.60, line 503, add "new" before "administrator".

mmm) Section 2051.60, line 504, strike "a" and add "an initial" before "registration".

nnn) Section 2051.85, line 514, add a comma after "of".

ooo) Section 2051.85, line 518, change the first comma to "or".

ppp) Section 2051 after line 522 add Exhibits A, B and C.

12) Have all changes agreed upon by the agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes

13) Will this amendment replace an emergency rule currently in effect? No

14) Are there any amendments pending on this Part? No

15) Summary and Purpose of rulemaking: These amendments will clarify existing provisions by adding numerous definitions, changing the due date of renewals from March 1st to January 1st, and increasing the application fee to \$250 and renewal fee to \$150. These amendments will also add three new Sections to Part 2051. The new Sections outline specific application filing requirements, will add specific language for provider contracts, payor contracts, credentialing standards, accessibility and availability standards, advertising and solicitation standards and finally will add Section 2051.65 to provide authority for the gatekeeper option.

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16) Information and questions regarding this adopted Amendment should be directed to:

Mary Petersen
Department of Insurance
320 West Washington
Springfield, Illinois 62767-0001
(217) 524-4051

The full text of the Adopted Amendment begins on the next page.

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NOTICE OF ADOPTED AMENDMENTS

TITLE 50: INSURANCE
CHAPTER I: DEPARTMENT OF INSURANCE
SUBCHAPTER 2: ACCIDENT AND HEALTH INSURANCE

PART 2051

PREFERRED PROVIDER PROGRAM ADMINISTRATORS

Section

| | |
|----------|--|
| 2051.10 | Authority |
| 2051.20 | Purpose |
| 2051.30 | Definitions |
| 2051.40 | Administrators Not to Assume Underwriting Risk |
| 2051.50 | Registration |
| 2051.55 | Administrator Application Filing Procedures |
| 2051.60 | Fees Annual-Registration-Fee |
| 2051.65 | Gatekeeper Option |
| 2051.70 | Fiduciary and Bonding Requirements |
| 2051.80 | Maintenance of Records |
| 2051.85 | Advertising and Solicitation |
| 2051.90 | Examination |
| 2051.100 | Severability |

EXHIBIT A Preferred Provider Program Administrator Registration Form - PPA

| | |
|-----------|---|
| EXHIBIT B | 1 |
| EXHIBIT C | Biographical Affidavit |
| | Preferred Provider Program Administrator Bond/Fiduciary Account Requirement |

AUTHORITY: Implementing and authorized by Article XX 1/2 and further authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/370f and 401].

SOURCE: Adopted at 20 Ill. Reg. 9960, effective July 15, 1996; expedited correction, at 20 Ill. Reg. 13435, effective July 15, 1996; amended at 21 Ill. Reg. ~~13435~~, effective ~~July 15, 1996~~.

Section 2051.20 Purpose

The purpose of this Part is to implement Article XX 1/2 of the Illinois Insurance Code which, in part, provides for the regulation of administrators of preferred provider programs. This Part defines the authority of an administrator to operate preferred provider programs in this State, establishes criteria for the registration of administrators with the Director of Insurance and establishes appropriate fees for the registration and regulation of such programs ~~an annual-registration-fee~~. This Part applies only to administrators of preferred provider programs subject to Article XX 1/2 of the Illinois Insurance Code.

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(Source: Amended at 21 Ill. Reg. ~~13435~~, effective ~~July 15, 1996~~)

Section 2051.30 Definitions

"Administrator" means any person, partnership or corporation, other than an insurer or health service corporation or health maintenance organization holding a certificate of authority under the "Health Maintenance Organization Act" [215 ILCS 125 /1-1 et--seq.] or self-insured employer, employee benefit trust fund or other ERISA exempt organization, that arranges, contracts with, or administers contracts with a provider whereby beneficiaries are provided an incentive to use the services of such provider.

An affiliate of, or person "affiliated" with, a specific person means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the persons specified.

"Beneficiary" means an individual entitled to reimbursement for covered expenses of, or the discounting of provider fees for, health care services under a program where the beneficiary has an incentive to utilize the services of a provider which has entered into an agreement or arrangement with an administrator pursuant to Section 370q(f) of the Illinois Insurance Code [215 ILCS 5/370q(f)].

Control (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, the holding of policy holders' proxies by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is solely the result of an official position with or corporate office held by the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds shareholders' proxies representing 10% or more of the voting securities of any other person, or holds or controls sufficient policyholders' proxies to elect the majority of the board of directors of the domestic company. This presumption may be rebutted by a showing made in the manner as the Director may provide by rule. The Director may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

Director means the Director of the Illinois Department of Insurance.

Emergency means an accidental bodily injury or emergency medical

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condition that reasonably requires the beneficiary or insured to seek immediate medical care under circumstances, or at locations which reasonably preclude the beneficiary or insured from obtaining needed medical care from a preferred provider pursuant to Section 370g(h) of the Illinois Insurance Code [215 ILCS 5/370g(h)].

"Financial Institution" means a Federal or State chartered bank(s) or savings and loan institution.

Gatekeeper Option means an option offered by or through a preferred provider program that requires the beneficiary to preselect a particular primary care physician from a list of participating primary care physicians, who shall coordinate all of the non-emergency primary, specialty, hospital and other health care services, including referrals to other providers, as a condition for receipt of a higher level of benefits or reimbursement level, or both.

"Health Care Services" means health care services or products rendered or sold by a provider within the scope of the provider's license or legal authorization. The term includes, but is not limited to, hospital, medical, surgical, dental, vision and pharmaceutical services or products.

"Health Service Corporation" means a hospital-service-corporation; medical-service-plan; voluntary health service plan; vision-service plan; and/or a dental service plan; or pharmaceutical-service-plan licensed under the applicable Sections of Chapter 215 of the Illinois Compiled Statutes.

Non-preferred Provider means any provider that does not have a contractual relationship with the administrator.

Payer means an entity responsible for bearing the risk of health care services. An Administrator is prohibited from being a payor.

Primary Care Physician means a provider who has contracted with an administrator to provide primary care services as defined by the contract and who is a physician licensed to practice medicine in all of its branches who spends a majority of clinical time engaged in general practice or in the practice of internal medicine, pediatrics, gynecology, obstetrics or family practice, or a chiropractic physician licensed to treat human ailments without the use of drugs or operative surgery (77 Ill. Adm. Code 240.2).

"Provider" means an individual or entity duly licensed or legally authorized to provide health care services.

"Preferred Provider" means any provider who has entered into an

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agreement with an administrator relating to health care services which may be rendered to beneficiaries under a preferred provider program.

"Preferred Provider Arrangements" means policies, agreements or arrangements with providers relating to the amounts to be charged to insureds or beneficiaries for health care services which can include incentives for the insureds or beneficiary to use such services.

"Preferred Provider Program" means a system to make preferred provider arrangements available to insured or beneficiaries.

Woman's Principal Health Care Provider means a physician licensed to practice medicine in all its branches specializing in obstetrics or gynecology.

(Source: Amended at 21 Ill. Reg. 1.037, effective 1/1/97)

Section 205l.50 Registration

a) No person, partnership or corporation shall act as an administrator of a preferred provider program until such time that such person, partnership or corporation has registered with the Director of Insurance as required by this Part. In addition, all administrators shall annually register with the Director of Insurance as required by this Part. Annual registration statements must be filed with the Director no later than January March 1st of each year.

b) Each administrator must keep current the information required to be disclosed in its registration statements by reporting all material changes or additions to the Director of Insurance within 30 days after the end of the month of each change or addition. A material change or addition includes any modification of the information required by Section 205l.55 of this Part that has significant effect on the operation of the administrator or on the availability and accessibility of health care is any modification of the following information in the registration statement, excluding typographical corrections: changes in the personnel responsible for the conduct of the affairs of the administrator; changes in the terms and conditions of administrative and provider agreements; changes to the preferred provider program disclosure statements; changes in bond or fiduciary accounts and changes to the location of the administrator's office. Each applicant for registration shall file with the Director of Insurance the following information and documents on form PPA-1 prescribed by the Director:

i) A general statement of the services to be offered through the administrator's proposed plan of operations; including the method of marketing the program and the geographic area proposed to be serviced by the program;

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- 2) A list of the names, addresses, official positions and biographical affidavits of the persons responsible for the conduct of the affairs of the administrator.
- 3) Sample copies of administrative agreements and provider agreements utilized by the administrator, if the terms and conditions in such agreements may vary, the filing of one complete sample agreement together with a description of all variable terms and conditions will satisfy this requirement.
- 4) A roster of preferred providers and a source for the beneficiary to contact regarding changes in such providers.
- 5) A general description of the means by which the administrator assures that the health care services to be rendered under the preferred provider program are reasonably accessible and available to beneficiaries.
- 6) Copies of the preferred provider program disclosure statements required to be furnished to beneficiaries by Section 370a of the Illinois Insurance Code and correlating advertising material.
- 7) A description of programs or utilization review and timely resolution of questions, complaints and grievances.
- 8) A description of any fiduciary account established by the administrator, including the location and identification number of the account, established and maintained pursuant to Section 370e of the Illinois Insurance Code and Section 205i-70(a) of this Part, and/or a bond in compliance with Section 370e of the Illinois Insurance Code and Section 205i-70(b) of this Part, if a bond is submitted to the administrator, shall also furnish a certification of the total estimated annual reimbursements under the preferred provider program(s) supported by the methodology used to arrive at such figure, and
- 9) Location of the administrative offices of the administrator located in this State and regular business hours during which offices are open.
- c) No Administrator shall offer any preferred provider program to residents of this State until the Director has determined that the requirements of Article XX 1/2 of the Illinois Insurance Code [215 ILCS 5/370f] and this Part have been met, and has placed such registration material on file. The Director shall make such determination within 60 days after receipt of the registration information required by this Section and the registration fee required by Section 205i.60 of this Part.
- d) All information filed with the Director pursuant to this Part regarding the methods and/or amounts of reimbursement of providers and the administrator under the preferred provider program(s) is deemed to be confidential and will not be released without subpoena or written consent of the affected administrator.

(Source: Amended at 21 Ill. Reg. _____, effective _____)

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Section 205i.55 Procedure for Filing of Preferred Provider Arrangements

Each applicant for registration shall file with the Director the following information and documents in the format specified by Exhibits A, B, and C of this Part:

- a) An organizational chart describing the relationship between the administrator, its parent organization and any affiliates, including the state of domicile and the primary business of each entity; and
 - b) A list of the names, addresses, official positions and biographical affidavits of the persons responsible for the conduct of the affairs of the administrator; and
 - c) Sample copies of administrative agreements, payor agreements and provider agreements utilized by the administrator. If the terms and conditions in such agreements include significant substantial or material variations, the filing of one complete sample agreement together with a description of all variable terms and conditions will satisfy this requirement.
- 1) The payor agreements shall contain:
- A) Terms requiring that incentives be provided to the insured or beneficiary to utilize services of a provider that has entered into an agreement with the administrator.
 - B) Terms stating that, whenever an administrator or a preferred provider finds it medically necessary to refer a beneficiary to a non-preferred provider the payor shall ensure that the beneficiary so referred shall incur no greater out of pocket liability than had the beneficiary received services from a preferred provider. A beneficiary who willfully chooses to access a non-preferred provider for health care services available through the administrator panel of participating providers will be subject to financial penalties as prescribed by the payor.
 - C) Terms requiring the administrator's name and toll-free "800" telephone number to be contained on the beneficiary identification card issued by the payor.
- 2) The provider agreements shall contain, at a minimum, the following:
- A) A provision identifying the specific covered health care services for which the preferred provider will be responsible, or a provision describing the method by which the preferred provider will be notified of the particulars of the coverage. Copayments, benefit maximums, limitations and exclusions shall be enumerated or appropriately referenced.
 - B) A provision requiring the provider to comply with applicable administrative policies and procedures of the administrator.
 - C) A provision requiring the provider to cooperate with and participate in the administrator credentialing and recredentialing processes if any.

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- D) A provision requiring the provider to participate in and cooperate with the decisions, policies, processes and rules established by the administrator utilization review (utilization management) program including, but not limited to, certification procedures, concurrent and retrospective evaluations, referral procedures, and reporting of clinical encounter data.
- E) A provision requiring the provider to maintain and make medical records available to the administrator for the purpose of determining, on a concurrent or retrospective basis, the medical necessity and appropriateness of care provided to administrator beneficiaries, and to make such medical records available to appropriate State and federal authorities and their agents involved in assessing the accessibility and availability of care or investigating member grievances or complaints and to comply with the applicable State and federal laws related to privacy and confidentiality of medical records.
- F) A provision requiring providers to be licensed by the State, and to notify the administrator immediately whenever there is a change in licensure or certification status.
- G) A provision requiring all physician providers to have admitting privileges in at least one hospital with which the administrator has a written provider contract. The administrator shall be notified immediately of any changes in privileges at any hospital or admitting facility. Reasonable exceptions may be made for physicians who, because of the type of clinical specialty, or location or type of practice, do not customarily have admitting privileges.
- H) A provision describing notification procedures for contract termination. Provider contracts shall require no less than 30 days prior written notice by either party who wishes to terminate the contract without cause provided, however, that the administrator may terminate the provider contract for cause immediately. The administrator of a gatekeeper option shall make a good faith effort to provide written notice of termination to all beneficiaries who are patients seen on a regular basis by a provider whose contract is terminating. Where a contract termination involves a primary care physician, in a gatekeeper option, all beneficiaries who are patients of that primary care physician shall also be notified. The provider contract for a gatekeeper option shall contain provisions whereby within five working days after the date that the provider either gives or receives notice of termination, the provider shall supply the administrator with a list of those patients of the provider who are covered by a plan using the administrator's network.

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- I) A provision explaining the provider responsibilities for continuation of covered services in the event of contract termination, to the extent that an extension of benefits is required by law or regulation, or that such continuation is voluntarily provided by the administrator.
- J) A provision stating that the rights and responsibilities under the contract cannot be sold, leased, assigned or otherwise delegated by either party and without the prior written and informed consent of the administrator.
- K) A provision stating that the preferred provider has and will maintain adequate professional liability and malpractice coverage, through insurance, self funding, or other means satisfactory to the administrator. The administrator must be notified within no less than ten days of the provider's receipt of notice of any reduction or cancellation of such coverage.
- L) A provision stating that the provider will provide health care services without discrimination against any beneficiary on the basis of participation in the preferred provider program, source of payment, age, sex, ethnicity, religion, sexual preference, health status or disability.
- M) A provision regarding the preferred provider's obligation, if any, to collect applicable copayments and/or deductibles from beneficiaries pursuant to the evidence of coverage, and to provide notice to beneficiaries of their personal financial obligations for non-covered services.
- N) A provision regarding any obligation to provide covered health services on a 24-hour per day, 7 day per week basis.
- O) A provision identifying the mechanism for provider access to each payor's current eligibility data system.
- P) A provision clearly describing payment obligations to the provider.
- Q) A provision identifying the administrative services, if any, the administrator will perform and the types of information (financial, enrollment, utilization, improvement) that will be submitted to the provider as well as other information that is accessible to the provider.
- R) A provision obligating the administrator to provide a method for providers to access each payor to obtain initial information and adequate notice of change in benefits and copayments, and a provision obligating the administrator to provide all of the administrator's operational policies.
- S) A provision identifying applicable internal appeal or arbitration procedures for settling contractual disputes or disagreements between the administrator and preferred provider; and
- d) A general statement of the services to be offered through the administrator's proposed plan of operations, including:

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- 1) The method of marketing the program;
 - 2) A geographic map of the area proposed to be served by the program by both county and zip code, including marked locations of preferred providers;
 - 3) The names and addresses of the providers with whom the administrator has entered into agreements;
 - 4) The number of beneficiaries covered by the agreements listed in subsection 2051.55(d)(3) of this Section;
 - 5) A source for the beneficiary to contact regarding changes in such providers; and
- e) A description of the standards by which the administrator assures that the health care services to be rendered under the preferred provider program are reasonably accessible and available to beneficiaries. Standards shall address such issues as:
- 1) The scope of health care services to be provided by the administrator network.
 - 2) The number and type of providers necessary to:
 - A) Meet the health care needs and service demands of the currently enrolled population, including:
 - i) Provider-beneficiaries ratio by specialty.
 - ii) Primary care provider-beneficiaries ratio.
 - iii) Waiting times for appointments with preferred providers.
 - iv) Hours of operation.
 - v) Volume of technological and specialty services available to serve the needs of beneficiaries requiring technologically advanced or specialty care.
 - B) Meet the health care needs and service demands of the population expected to be enrolled over the next 12 months, including:
 - i) Provider-beneficiaries ratio by specialty.
 - ii) Primary care provider-beneficiaries ratio.
 - iii) Waiting times for appointments with preferred providers.
 - iv) Hours of operation.
 - v) Volume of technological and specialty services available to serve the needs of beneficiaries requiring technologically advanced or specialty care.
- 3) The location of providers within the service area necessary to accommodate the enrolled population.
- 4) The distance or time that the beneficiary must travel to access:
- A) Hospital services including 24 hour emergency department services;
 - B) Primary Care and Woman's Principal Health Care physician services;
 - C) Specialty care physician services.
- 5) The addition of providers to meet patient needs based on increases in the number of beneficiaries, changes in the patient

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- to provider ratio, changes in medical and health care capabilities, and increased demand for services.
- 6) The provision of 24 hour, seven day per week access to network affiliated primary care and woman's principal health care provider.
- 7) The procedures for making referrals within and outside the network.
- 8) The process for enabling beneficiaries to select and change primary care physicians and to select and change woman's principal health care providers (Gatekeeper Option).
- 9) Efforts to address the needs of beneficiaries with limited English proficiency and illiteracy, with diverse cultural and ethnic backgrounds, and with physical and mental disabilities.
- 10) Policies and procedures to assure access to covered services when:
- A) The covered service is not available from a network provider; in any case whereby a beneficiary has made a good faith effort to utilize network providers for a covered service and it is determined the administrator does not have the appropriate preferred providers due to insufficient number, type or distance, the administrator shall ensure, by terms contained in the payor contract, that the beneficiary will be provided the covered service at no greater cost than if the service had been provided by a preferred provider.
 - B) The beneficiary has a medical emergency within the network service area;
 - C) The beneficiary has a medical emergency outside the network's service area; and
- f) Copies of the preferred provider program disclosure statements required to be furnished to beneficiaries by Section 370m of the Illinois Insurance Code [215 ILCS 5/370m] and corollary advertising material; and
- g) A description of programs for utilization review including procedures for timely investigation, resolution of questions, and appeals from beneficiary and providers.
- h) A description of any fiduciary account established by the administrator, including the location and identification number of the account, established and maintained pursuant to Section 370e of the Illinois Insurance Code [215 ILCS 5/370e] and Section 2051.70(a) of this Part; and/or a bond in compliance with Section 370e of the Illinois Insurance Code [215 ILCS 5/370e] and Section 2051.70(b) of this Part. If a bond is submitted the administrator shall also furnish a certification of the total estimated annual reimbursements under the preferred provider program(s), supported by the methodology used to arrive at such figure; and
- i) Location of the administrative offices of the administrator located in this State and regular business hours during which offices are open; and

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1) Credentialing materials including, but not limited to:

1) Written policies and procedures for credentialing verification of all health care professionals with whom the administrator contracts;

2) Written policies and procedures for determining when the network is closed to new providers desiring to enter the network;

3) Written policies and procedures for adding providers to closed network when openings become available due to attrition or expansion; and

k) Such other information as the Director may reasonably request.

(Source: Added at 21 Ill. Reg. 16380, effective _____)

Section 2051.60 Fees Annual-Registration-Fee

On or after January 1, 1998, each new administrator doing business in this State shall pay to the Director of Insurance an initial registration fee of \$250. ~~5100-00-on-the-initial-date-of-application-for-registration-and-annually thereafter~~ Annually on or before January 1 March-1st of each succeeding year and each administrator doing business in this State shall pay to the Director a renewal fee of \$150 in order to maintain such registration ~~so-long-as-such registration-is-maintained--administrator.~~

(Source: Amended at 21 Ill. Reg. 16380, effective _____)

Section 2051.65 Gatekeeper Option

An insurer or administrator, otherwise meeting the standards of this Part, may make available a gatekeeper option as an incentive to utilize the services of a preferred provider. Such products must meet applicable accessibility and availability of care standards as set forth in Section 2051.55(e) of this Part and comply with requirements of Section 356r of the Illinois Insurance Code [215 ILCS 356r].

(Source: Added at 21 Ill. Reg. 16380, effective _____)

Section 2051.85 Advertising and Solicitation

a) No preferred provider administrator or its representative shall cause, or knowingly permit the use of, advertising that is untrue or misleading, or any solicitation that is untrue or misleading.

b) No preferred provider administrator may represent or describe itself in its name, contracts or literature as a "health maintenance organization" or "HMO", nor may it hold itself out or represent itself as being an insurance company or a Limited Health Service Corporation.

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(Source: Added at 21 Ill. Reg. 16381, effective _____)

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Section 2051. EXHIBIT A Preferred Provider Program Administrator Registration Form - PPA 1

Illinois Department of Insurance
320 W. Washington Street
Springfield, IL 62767-0001

Instructions:

Fee Requirement: Attach a check or money order payable to the Director of Insurance for \$100

| | | | | | |
|---|-----------|------|-------|----------|-----------|
| Name of Firm | Phone No. | City | State | Zip Code | Phone No. |
| Business Address (Number, Street) | | | | | |
| City | | | | | |
| Person responsible for submitting application | | | | | |

The following items must be filed with this registration and are, by reference, made a part of this registration form.

- A general statement of the services to be offered in Illinois through the administrator's proposed plan of operations, including:
 - the method of marketing the program;
 - a geographic map of the area proposed to be served by the program with marked locations of medical providers;
 - a table showing breakdown of providers by type (i.e. hospital, primary care physician, specialist) by County;
 - a table showing breakdown of providers by type (i.e. hospital, primary care physician, specialist) by Zip Code;
 - an estimation of the number of beneficiaries projected to be served by the Administrator;
 - the names and addresses of the providers with whom the administrator has entered into agree-ments (provider directory);
 - a source for the beneficiary to contact regarding changes in the provider directory;
 - an organizational chart describing the relationship between the administrator, its parent organization and any affiliates, including the state of domicile and the primary business of each entity;
- A list of the names, addresses, official positions and biographical affidavits (form attached) of the per-sons responsible for the conduct of the affairs of the administrator.
- Sample copies of administrative agreements, payer agreement, and provider agreements, utilized by the administrator. If the terms and conditions in such agreements may vary, the filing of one complete sample agreement together with a description of all variable terms and conditions will satisfy this requirement.
- A description of the standards by which the administrator assures that the health care services to be rendered under the preferred provider program are reasonably accessible and available to benefi-ciaries.
- Copies of the preferred provider program disclosure statements required to be furnished to benefi-ciaries by 215 ILCS 5/370m, and correlaty advertising material.
- A description of programs for utilization review and timely resolution of questions, complaints and grievances.
- Location of the administrative offices of the administrator located in this State and regular business hours during which offices are open.

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- A description of provider credentialing standards utilized by the administrator and a statement de-scribing how the administrator intends to comply with 215 ILCS 5/370.
- A completed Bond/Fiduciary Account Requirement form (form attached) or a written statement of exemption to this requirement.
- The name, address and telephone number of the person with the authority to whom all notices and renewal applications should be directed.

Declaration:

The undersigned declares that the statements made in this form are true and correct to the best of his/her knowledge and belief.

Signature

Date

Print Name and Title

Phone

Important Notice: This form is for the Illinois Revised Statutes, Chapter 215, Section 5/370, which is a voluntary, however, failure to comply may result in this form and the information contained therein being approved by the Form Management Center.

(Source: Amended by Public Act 97-0001, effective January 1, 1997)

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ILLINOIS REGISTER

DEPARTMENT OF INSURANCE

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Section 2051.EXHIBIT B Biographical Affidavit

Illinois Department of Insurance
320 W. Washington Street
Springfield, IL 62767-0001

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| | | | | | | |
|-------------------|---|----------------------------------|---|--|----------------------|--|
| | Full name and address of company (do not use group names) | | | | | |
| | | | | | | |
| | | | | | | |
| | In connection with the above named contract, between whom are applicants as follows, or will all contracts at once give answer below: | | | | | |
| | Name of Employer Name of Applicant If answer No. of None, so state | | | | | |
| 1. | Affiant's full name (initials not acceptable) _____ <i>(Have you ever had your name changed?) Yes _____ No _____</i> | | | | | |
| 2a. | Give other names used at any time _____ | | | | | |
| 3. | Affiant's Social Security # _____ | Date and place of birth _____ | Business Telephone # _____ | | | |
| 5. | Affiant's business address List your residences for the last ten (10) years starting with your current address, giving Date Address City and State | | | | | |
| 7. | Education List dates, names, locations and degrees College, Graduate Studies Others | | | | | |
| 9. | Present or proposed position with the applicant company | | | | | |
| 10. | Last complete employment record up to and including present job(s), positions, discharges or officerships for the past twenty (20) years, giving Dates Employed and Address Title | | | | | |
| Please circle one | | | | | | |
| 11. | May present employer be contacted? Yes No | | May former employers be contacted? Yes No | | If yes, give details | |
| 12a. | Have you ever been in a position which required a liability bond? | | | | | |
| 12b. | Have you ever been denied an individual or position schedule liability bond, or had a bond cancelled or revoked? If yes, give details | | | | | |

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- 13 List any professional, occupational, and vocational licenses issued by any public or governmental licensing agency or regulatory authority which you presently hold or have held in the past 10 years. Give license number, date issued, expiration date, and reasons for termination.
- 14 During the last ten (10) years, have you ever been issued a professional, occupational or vocational license by any public or governmental licensing agency or regulatory authority, or has any such license held by you ever been suspended or revoked? If yes, give details.
- 15 List any administrators, insurers or HMOs in which you control directly or indirectly or own legally or beneficially 10% or more of the outstanding stock standing stock (in voting power). If any of the stock is pledged or hypothecated in any way, give details.
- 16 Will you or members of your immediate family subscribe to or own, beneficially or of record, shares of stock of the applicant administrator or its affiliates? If any of the shares of stock are pledged or hypothecated in any way, give details.
- 17 Have you ever been adjudged bankrupt?
- 18 Have you ever been convicted or had a sentence imposed or suspended or had pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty or not guilty to any information or indictment charging any felony, or charging a misdemeanor involving embezzlement, theft, larceny, or mail fraud, or charging a violation of any corporate securities statute or any insurance law, or have you been the subject of any disciplinary proceedings of any federal or state regulatory agency? If yes, give details.
- 19 Has any company been so charged, allegedly as a result of any action or conduct on your part? If yes, give details.
- 20 Have you ever been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of any insurer, HMO or administrator which has been so charged with respect to its becoming insolvent or being placed under supervision or in receivership, liquidation, liquidation or conservatorship?
- 21 Has the certificate of authority or license to do business of any insurance company or registration of any administrator of which you were an officer or director or key management person ever been suspended, revoked or denied while you occupied such position? If yes, give details.

Declaration

Dated and signed this _____ day of _____ at _____, I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.

 (Print Name)

 (Print Title)

Personally appeared before me the above-named person or persons who, being duly sworn, depose and say that the foregoing statements are true and correct to the best of their knowledge and belief.

 (Print Name and Title of Notary Public)

 (Print Name and Title)

 (Print Name)

My commission expires _____.

Important Notice: Disclosure of this information is required under laws administered by the Department of Insurance. This form has been approved by the Illinois Department of Insurance.

Printed on recycled paper

(Source: Added at 21 Ill. Reg. _____, effective _____)

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DEC 04 1997

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Section 2051. EXHIBIT C Preferred Provider Program Administrator Bond/Fiduciary Account Requirement

Illinois Department of Insurance
320 W. Washington Street
Springfield, IL 62767-0001

Instructions:

Bond/Fiduciary Account Requirement Registrations of Preferred Provider Program Administrators who will handle money for purposes of payment for providers services must be accompanied by:

1. A surety bond in an amount equal to not less than 10% of the total estimated annual reimbursements under the program. If more than one program is administered, separate bonds may be posted for each program or one bond of indemnity may be posted for all. Administrators posting a bond or bonds must also submit certification of the total estimated annual reimbursements under the Preferred Provider Program (or programs if separate bonds are posted), supported by methodology used to arrive at such figures.

The surety bond(s) must contain:

- The name of the principal as it appears on the registration form.
- The principal's address as it appears on the registration form.
- The surety company's name and company number.
- The bond number.
- Original signatures of the Illinois resident agent, principal, the surety company's officer or attorney-in-fact

2. Or, in lieu of bond, the Preferred Provider Program Administrator may establish one or more fiduciary accounts, separate and apart from any and all other accounts, for the receipt and disbursement of funds for reimbursement of providers of services under the program.

Location of Account

Account Identification No.

(In the event that both bonds and fiduciary accounts are established, disclose information about both as requested above.)

| Bond(s) | Methodology | Fiduciary Account(s) | Loc./ID.# |
|---------|-------------|----------------------|-----------|
| | | | |

(Do not write in these spaces.)

DEPARTMENT OF INSURANCE

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Preferred Provider Program Administrator Bond

Illinois Department of Insurance
320 W. Washington Street
Springfield, IL 62767-0001



Co. Code No. --
Bond No

KNOW ALL MEN BY THESE PRESENTS, THAT I/we

of _____, a Preferred Provider

Program Administrator, as principal and

a company duly authorized to transact surety business in the State of Illinois, as Surety, are held and firmly bound unto the People of the State of Illinois and payable to any party injured under the terms and conditions of this bond, in the full and penal sum of _____ (\$ _____) dollars lawful money of the United States of America, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH that the above bounded Principal is now or is about to register in order to engage or continue in the business of a Preferred Provider Program Administrator, as provided by the Illinois Insurance Code, as amended.

NOW, THEREFORE, if the said Principal shall, while this bond is in force, and effect make a full accounting and due payment to the person or company entitled thereto of funds coming into his possession as an incident to Preferred Provider Program Administrator transactions, and shall comply with all the provisions of Article XX1.2 of the Illinois Insurance Code, as amended, then this obligation shall be null and void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond shall be null and void if not duly filed with the Secretary of State, within thirty (30) days notice of its intention of termination, such notice to be filed with the Secretary of State, within thirty (30) days of its termination.

IN WITNESS WHEREOF, the said principal has hereunto set his hand and seal, and the said surety has caused these presents to be signed by its duly authorized officers and its corporate seal to be hereto affixed this _____ day of _____, 20____.

Countersigned by:

(Signature of Agent/ Illinois Producer)

At _____, Ill.,

(Bonding Company)

(Signature of Company Officer)

(Signature of Attorney-in-Fact)

(Signature of Principal-Social Security # _____)

This Corporation, signature and social security number of an officer

Important Notice: Under the Illinois Revised Statutes, insurance laws, and regulations, a company's voluntary, however, failure to comply may result in this form not being processed. This form has been approved by the Illinois Department of Insurance.

(Source: Added at 21 Ill. Reg. _____, effective _____)

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DEC 09 1997

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1) Heading of the Part: Tiered Approach to Corrective Action Objectives2) Code Citation: 35 Ill. Adm. Code 742

| <u>Section Number:</u> | <u>Adopted Action:</u> |
|------------------------|------------------------|
| 742.105 | Amended |
| 742.200 | Amended |
| 742.505 | Amended |
| 742.805 | Amended |
| 742.915 | Amended |
| 742.Appendix A.Table E | Amended |
| 742.Appendix A.Table F | Amended |
| 742.Appendix A.Table H | New |

4) Statutory Authority: 415 ILCS 5/27, 28 and 28.11(c)5) Effective Date of Amendments: December 8, 19976) Does this rulemaking contain an automatic repeal date? No7) Do these amendments contain incorporations by reference? No8) Date filed in Board's principal office: December 4, 19979) Notice of proposal published in Illinois Register: 21 Ill. Reg. 9687 (July 25, 1997)10) Has JCAR issued a statement of objections to these rules? No11) Differences between proposal and final version: No substantive changes have been made. Some minor editorial changes were made at the request of JCAR.12) Have all the changes agreed upon by the Board and JCAR been made as indicated in the agreement letter issued by JCAR? Yes13) Will these amendments replace an emergency rule currently in effect? No14) Are there any other amendments pending on this Part? No15) Summary and purpose of amendments: This rulemaking concerns amendments to 35 Ill. Adm. Code 742, R97-12(A), adopted by the Board on June 5, 1997, and published in the *Illinois Register* on June 27, 1997, at 21 Ill. Reg. 7942. The R97-12(A) rules were adopted in response to the directive of the legislature in P.A. 89-431, effective December 15, 1995, and amended by P.A. 89-443, effective July 1, 1996. P.A. 89-431 and P.A. 89-443 established a Title XVII in the Environmental Protection Act (Act), entitled "Site Remediation Program". Among other things, the R97-12(A)

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rules established procedures for the development of risk-based remediation objectives for remediation sites (also known as TACO). The TACO rules were adopted on June 5, 1997 and became effective on July 1, 1997.

The proposed R97-12(B) amendments are located at Sections 742.105, 742.200, 742.505, 742.805 and 742.915. Specifically, the R97-12(B) amendments address a single issue relating to mixtures of similar-acting chemicals. Moreover, the proposed amendments concern mixtures of similar-acting carcinogenic and noncarcinogenic chemicals in both soil and groundwater. The proposed amendments also address mixtures of similar-acting chemicals in terms of meeting Tier 1, Tier 2 and Tier 3 remediation objectives.

A Tier 1 analysis requires the remediation applicant to compare contamination levels of constituents of concern at the remediation site to pre-determined remediation objectives. If any of the contaminants of concern exceed the pre-determined levels, the remediation applicant can remediate until the objectives are achieved or it can perform a Tier 2 or Tier 3 remediation.

A Tier 2 analysis uses equations (Soil Screening Level and Risk Based Corrective Action) set forth in the rules to develop alternative remediation objectives for constituents of concern, using site-specific information. If any contaminants of concern are found to exceed the remediation objectives using the Tier 2 equations, the remediation applicant can either remediate until the objectives are achieved or develop alternative objectives using a Tier 3 analysis.

A Tier 3 analysis allows the remediation applicant to develop remediation objectives using alternative parameters (so long as the remediation applicant provides a mathematical justification for the use of the modified or alternative parameters) not found in Tier 1 or Tier 2. If any of the contaminants of concern are found to exceed the Tier 3 remediation objectives, the remediation applicant would be required to remediate until it achieves those objectives.

The adopted TACO rules would be applicable to all types of remedial actions, including those conducted pursuant to the new Site Remediation Program (known as Brownfields), the Underground Storage Tank (UST) Program and the Resource Conservation and Recovery Act (RCRA). The adopted tiered approach is a voluntary program and is intended to be used to develop remediation objectives for use in conducting remedial actions in accordance with the program-specific procedures established for each type of remedial action.

16) Information and questions regarding the adopted amendments shall be directed to:

Amy Muran Felton, Attorney
Illinois Pollution Control Board
100 West Randolph Street, Suite 11-500
Chicago, IL 60601
312-814-7011

Requests for copies of the December 4, 1997 opinion and order should be addressed to Victoria Agyeman at 312-814-3620 or at the above address and should reference Docket R97-12(B).

The full text of the adopted amendments beings on the next page:

POLLUTION CONTROL BOARD

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TITLE 35: ENVIRONMENTAL PROTECTION

SUBTITLE G: WASTE DISPOSAL

CHAPTER I: POLLUTION CONTROL BOARD

SUBCHAPTER f: RISK BASED CLEANUP OBJECTIVES

PART 742

TIERED APPROACH TO CORRECTIVE ACTION OBJECTIVES

SUBPART A: INTRODUCTION

Section
742.100
742.105
742.110
742.115
742.120

Intent and Purpose
Applicability
Overview of Tiered Approach
Key Elements
Site Characterization

SUBPART B: GENERAL

Section
742.200
742.205
742.210
742.215
742.220
742.225
742.230

Definitions
Severability
Incorporations by Reference
Determination of Soil Attenuation Capacity
Determination of Soil Saturation Limit
Demonstration of Compliance with Remediation Objectives
Agency Review and Approval

SUBPART C: EXPOSURE ROUTE EVALUATIONS

Section
742.300
742.305
742.310
742.315
742.320

Exclusion of Exposure Route
Contaminant Source and Free Product Determination
Inhalation Exposure Route
Soil Ingestion Exposure Route
Groundwater Ingestion Exposure Route

SUBPART D: DETERMINING AREA BACKGROUND

Section
742.400
742.405
742.410
742.415

Area Background
Determination of Area Background for Soil
Determination of Area Background for Groundwater
Use of Area Background Concentrations

SUBPART E: TIER 1 EVALUATION

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Tier 1 Evaluation Overview
Tier 1 Soil and Groundwater Remediation Objectives
Tier 1 Remediation Objectives

SUBPART F: TIER 2 GENERAL EVALUATION

Section
742.600
742.605
742.610

Tier 2 Evaluation Overview
Land Use
Chemical and Site Properties

SUBPART G: TIER 2 SOIL EVALUATION

Section
742.700
742.705
742.710
742.715
742.720

Tier 2 Soil Evaluation Overview
Parameters for Soil Remediation Objective Equations
SSL Soil Equations
RBCA Soil Equations
Chemicals with Cumulative Noncarcinogenic Effects

SUBPART H: TIER 2 GROUNDWATER EVALUATION

Section
742.800
742.805
742.810

Tier 2 Groundwater Evaluation Overview
Tier 2 Groundwater Remediation Objectives
Calculations to Predict Impacts from Remaining Contamination
Groundwater

SUBPART I: TIER 3 EVALUATION

Section
742.900
742.905
742.910
742.915
742.920
742.925
742.930

Tier 3 Evaluation Overview
Modifications of Parameters
Alternative Models
Formal Risk Assessments
Impractical Remediation
Exposure Routes
Derivation of Toxicological Data

SUBPART J: INSTITUTIONAL CONTROLS

Section
742.1000
742.1005
742.1010
742.1015
742.1020

Institutional Controls
No Further Remediation Letters
Restrictive Covenants, Deed Restrictions and Negative Easements
Ordinances
Highway Authority Agreements

POLLUTION CONTROL BOARD

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SUBPART K: ENGINEERED BARRIERS

Section
742.1100 Engineered Barriers
742.1105 Engineered Barrier Requirements

APPENDIX A General

ILLUSTRATION A Developing Soil Remediation Objectives Under the Tiered Approach

ILLUSTRATION B Developing Groundwater Remediation Objectives Under the Tiered Approach

TABLE A Soil Saturation Limits (C[sat]) for Chemicals Whose Melting Point is Less Than 30°C

TABLE B Tolerance Factor (K)

TABLE C Coefficients { $\{N-I+1\}$ } for W Test of Normality, for $N=2(1)50$

TABLE D Percentage Points of the W Test for $N=3(1)50$

TABLE E Similar-Acting Noncarcinogenic Chemicals with---Noncarcinogenic Toxic---Effects---on-Specific-Target-Organ-Systems-or-Similar Modes-of-Action

TABLE F Similar-Acting Carcinogenic Chemicals with---Carcinogenic---Toxic Effects---on-Specific-Target-Organ-Systems-or---Similar---Modes of-Action

TABLE G Concentrations of Inorganic Chemicals in Background Soils

TABLE H Chemicals Whose Tier 1 Class I Groundwater Remediation Objective Exceeds the 1 in 1,000,000 Cancer Risk Concentration

APPENDIX B Tier 1 Tables and Illustrations

ILLUSTRATION A Tier 1 Evaluation

TABLE A Tier 1 Soil Remediation Objectives for Residential Properties

TABLE B Tier 1 Soil Remediation Objectives for Industrial/Commercial Properties

TABLE C pH Specific Soil Remediation Objectives for Inorganics and Ionizing Organics for the Soil Component of the Groundwater Ingestion Route (Class I Groundwater)

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AUTHORITY: Implementing Sections 22.4, 22.12, Title XVI, and Title XVII and authorized by Sections 27, 57.14, and 58.5 of the Environmental Protection Act [415 ILCS 5/22.4, 22.12, 27, 57.14 and 58.5 and Title XVI and Title XVII].

SOURCE: Adopted as 21 Ill. Reg. 7942, effective July 1, 1997; amended at 21 Ill. Reg. 1000, effective 10/01/00.

Note: In this Part, superscript numbers or letters are denoted by parentheses; subscript are denoted by brackets; SUM means the summation series or sigma function as used in mathematics; and the English words Alpha, Lambda and Omega are substituted for the Greek symbols because of computer program limitations.

SUBPART A: INTRODUCTION

Section 742.105 Applicability

a) Any person, including a person required to perform an investigation pursuant to the Illinois Environmental Protection Act (415 ILCS 5) (415--IES-5/1-et-seq.) (Act), may elect to proceed under this Part to the extent allowed by State or federal law and regulations and the provisions of this Part. A person proceeding under this Part may do so to the extent such actions are consistent with the requirements of the program under which site remediation is being addressed.

b) This Part is to be used in conjunction with the procedures and requirements applicable to the following programs:

- 1) Leaking Underground Storage Tanks (35 Ill. Adm. Code 731 and 732);
- 2) Site Remediation Program (35 Ill. Adm. Code 740); and
- 3) RCRA Part B Permits and Closure Plans (35 Ill. Adm. Code 724 and 725).

c) The procedures in this Part may not be used if their use would delay response action to address imminent and substantial threats to human health and the environment. This Part may only be used after actions to address such threats have been completed.

d) This Part may be used to develop remediation objectives to protect surface waters, sediments or ecological concerns, when consistent with the regulations of other programs, and as approved by the Agency.

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- e) A no further remediation determination issued by the Agency prior to July 1, 1997 pursuant to Section 4(y) of the Act or one of the programs listed in subsection (b) of this Section that approves completion of remedial action relative to a release shall remain in effect in accordance with the terms of that determination.
- f) Site specific groundwater remediation objectives determined under this Part for contaminants of concern may exceed the groundwater quality standards established pursuant to the rules promulgated under the Illinois Groundwater Protection Act (415 ILCS 55) as long as done in accordance with Sections 742.805~~4~~ and 742.900(c)(9). (See 415 ILCS 5/58.5(d)(4))
- g) Where contaminants of concern include polychlorinated biphenyls (PCBs), a person may need to evaluate the applicability of regulations adopted under the Toxic Substances Control Act (15 U.S.C. 2601).

(Source: Amended at 21 Ill. Reg. 13301, effective 4/1/01)

SUBPART B: GENERAL

Section 742.200 Definitions

Except as stated in this Section, or unless a different meaning of a word or term is clear from the context, the definition of words or terms in this Part shall be the same as that applied to the same words or terms in the Act.

"Act" means the Illinois Environmental Protection Act [415 ILCS 5] ~~415-IBC5-5/1-et-seq.~~

"ADL" means Acceptable Detection Limit, which is the detectable concentration of a substance which is equal to the lowest appropriate Practical Quantitation Limit (PQL) as defined in this Section.

"Agency" means the Illinois Environmental Protection Agency.

"Agricultural Property" means any real property for which its present or post-remediation use is for growing agricultural crops for food or feed either as harvested crops, cover crops or as pasture. This definition includes, but is not limited to, properties used for confinement or grazing of livestock or poultry and for silviculture operations. Excluded from this definition are farm residences, farm outbuildings and agricultural facilities.

"Area Background" means concentrations of regulated substances that are consistently present in the environment in the vicinity of a site that are the result of natural conditions or human activities, and not the result solely of releases at the site. (Section 58.2 of the Act)

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"ASTM" means the American Society for Testing and Materials.

"Board" means the Illinois Pollution Control Board.

"Cancer Risk" means a unitless probability of an individual developing cancer from a defined exposure rate and frequency.

"Cap" means a barrier designed to prevent the infiltration of precipitation or other surface water, or impede the ingestion or inhalation of contaminants.

"Carcinogen" means a contaminant that is classified as a category A1 or A2 carcinogen by the American Conference of Governmental Industrial Hygienists; a category I or 2A/2B carcinogen by the World Health Organization's International Agency for Research on Cancer; a "human carcinogen" or "anticipated human carcinogen" by the United States Department of Health and Human Service National Toxicological Program; or a category A or B1/B2 carcinogen by the United States Environmental Protection Agency in the integrated risk information system or a final rule issued in a Federal Register notice by the USEPA. (Section 58.2 of the Act)

"Class I Groundwater" means groundwater that meets the Class I: Potable Resource Groundwater criteria set forth in 35 Ill. Adm. ~~Illinois-Administrative~~ Code 620.

"Class II Groundwater" means groundwater that meets the Class II: General Resource Groundwater criteria set forth in 35 Ill. Adm. ~~Illinois-Administrative~~ Code 620.

"Conservation Property" means any real property for which present or post-remediation use is primarily for wildlife habitat.

"Construction Worker" means a person engaged on a temporary basis to perform work involving invasive construction activities including, but not limited to, personnel performing demolition, earth-moving, building, and routine and emergency utility installation or repair activities.

"Contaminant of Concern" or "Regulated Substance of Concern" means any contaminant that is expected to be present at the site based upon past and current land uses and associated releases that are known to the person conducting a remediation based upon reasonable inquiry. (Section 58.2 of the Act)

"Engineered Barrier" means a barrier designed or verified using engineering practices that limits exposure to or controls migration of the contaminants of concern.

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"Exposure Route" means the transport mechanism by which a contaminant of concern reaches a receptor.

"Free Product" means a contaminant that is present as a non-aqueous phase liquid for chemicals whose melting point is less than 30°C (e.g., liquid not dissolved in water).

"Groundwater" means underground water which occurs within the saturated zone and geologic materials where the fluid pressure in the pore space is equal to or greater than atmospheric pressure. (Section 3.64 of the Act)

"Groundwater Quality Standards" means the standards for groundwater as set forth in 35 Ill. Adm. ~~Illinois-Administrative~~ Code 620.

"Hazard Quotient" means the ratio of a single substance exposure level during a specified time period to a reference dose for that substance derived from a similar exposure period.

"Highway" means any public way for vehicular travel which has been laid out in pursuance of any law of this State, or of the Territory of Illinois, or which has been established by dedication, or used by the public as a highway for 15 years, or which has been or may be laid out and connect a subdivision or platted land with a public highway and which has been dedicated for the use of the owners of the land included in the subdivision or platted land where there has been an acceptance and use under such dedication by such owners, and which has not been vacated in pursuance of law. The term "highway" includes rights of way, bridges, drainage structures, signs, guard rails, protective structures and all other structures and appurtenances necessary or convenient for vehicular traffic. A highway in a rural area may be called a "road", while a highway in a municipal area may be called a "street". (Illinois Highway Code [605 ILCS 5/2-202])

"Highway Authority" means the Department of Transportation with respect to a State highway; the County Board with respect to a county highway or a county unit district road if a discretionary function is involved and the County Superintendent of Highways if a ministerial function is involved; the Highway Commissioner with respect to a township or district road not in a county unit road district; or the corporate authorities of a municipality with respect to a municipal street. (Illinois Highway Code [605 ILCS 5/2-213])

"Human Exposure Pathway" means a physical condition which may allow for a risk to human health based on the presence of all of the following: contaminants of concern; an exposure route; and a receptor activity at the point of exposure that could result in contaminant of concern intake.

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"Industrial/Commercial Property" means any real property that does not meet the definition of residential property, conservation property or agricultural property.

"Infiltration" means the amount of water entering into the ground as a result of precipitation.

"Institutional Control" means a legal mechanism for imposing a restriction on land use, as described in Subpart J.

"Man-Made Pathways" means constructed physical conditions that may allow for the transport of regulated substances including, but not limited to, sewers, utility lines, utility vaults, building foundations, basements, crawl spaces, drainage ditches, or previously excavated and filled areas. (Section 58.2 of the Act)

"Natural Pathways" means natural physical conditions that may allow for the transport of regulated substances including, but not limited to, soil, groundwater, sand seams and lenses, and gravel seams and lenses. (Section 58.2 of the Act)

"Negative Easement" means a right of the owner of the dominant or benefitted estate or property to restrict the property rights of the owner of the servient or burdened estate or property.

"Person" means an individual, trust, firm, joint stock company, joint venture, consortium, commercial entity, corporation (including a government corporation), partnership, association, state, municipality, commission, political subdivision of a state, or any interstate body including the United States government and each department, agency, and instrumentality of the United States. (Section 58.2 of the Act)

"Point of Human Exposure" means the point(s) at which human exposure to a contaminant of concern may reasonably be expected to occur. The point of human exposure is at the source, unless an institutional control limiting human exposure for the applicable exposure route has been or will be in place, in which case the point of human exposure will be the boundary of the institutional control. Point of human exposure may be at a different location than the point of compliance.

"POL" means practical quantitation limit or estimated quantitation limit, which is the lowest concentration that can be reliably measured within specified limits of precision and accuracy for a specific laboratory analytical method during routine laboratory operating conditions in accordance with "Test Methods for Evaluating Solid Wastes, Physical/Chemical Methods", EPA Publication No. SW-846, incorporated by reference in Section 742.210. When applied to

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filtered water samples, PQL includes the method detection limit or estimated detection limit in accordance with the applicable method revision in: "Methods for the Determination of Organic Compounds in Drinking Water, Supplement II", EPA Publication No. EPA/600/4-88/039; "Methods for the Determination of Organic Compounds in Drinking Water, Supplement III", EPA Publication No. EPA/600/R-95/131, all of which are incorporated by reference in Section 742.210.

"RBCA" means Risk Based Corrective Action as defined in ASTM E-1739-95, as incorporated by reference in Section 742.210.

"RCRA" means the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6921).

"Reference Concentration (RFC)" means an estimate of a daily exposure, in units of milligrams of chemical per cubic meter of air (mg/m³), to the human population (including sensitive subgroups) that is likely to be without appreciable risk of deleterious effects during a portion of a lifetime (up to approximately seven years, subchronic) or for a lifetime (chronic).

"Reference Dose (RfD)" means an estimate of a daily exposure, in units of milligrams of chemical per kilogram of body weight per day (mg/kg/d), to the human population (including sensitive subgroups) that is likely to be without appreciable risk of deleterious effects during a portion of a lifetime (up to approximately seven years, subchronic) or for a lifetime (chronic).

"Regulated Substance" means any hazardous substance as defined under Section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (P.L. 96-510) and petroleum products including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). (Section 58.2 of the Act)

"Residential Property" means any real property that is used for habitation by individuals, or where children have the opportunity for exposure to contaminants through soil ingestion or inhalation at educational facilities, health care facilities, child care facilities or outdoor recreational areas.

"Restrictive Covenant or Deed Restriction" means a provision placed in a deed limiting the use of the property and prohibiting certain uses. (Black's Law Dictionary, 5th Edition)

"Right of Way" means the land, or interest therein, acquired for or devoted to a highway. (Illinois Highway Code [605 ILCS 5/2-217])

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"Similar-Acting Chemicals" are chemical substances that have toxic or harmful effect on the same specific organ or organ system (see Appendix A, Tables E and F for a list of similar-acting chemicals with noncarcinogenic and carcinogenic effects).

"Site" means any single location, place, tract of land or parcel of property, or portion thereof, including contiguous property separated by a public right-of-way. (Section 58.2 of the Act)

"Slurry Wall" means a man-made barrier made of geologic material which is constructed to prevent or impede the movement of contamination into a certain area.

"Soil Saturation Limit (C[sat])" means the contaminant concentration at which soil pore air and pore water are saturated with the chemical and the adsorptive limits of the soil particles have been reached.

"Solubility" means a chemical specific maximum amount of solute that can dissolve in a specific amount of solvent (groundwater) at a specific temperature.

"SPLP" means Synthetic Precipitation Leaching Procedure (Method 1312) as published in "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods", USEPA Publication No. SW-846, as incorporated by reference in Section 742.210.

"SSL" means Soil Screening Levels as defined in USEPA's Soil Screening Guidance: User's Guide and Technical Background Document, as incorporated by reference in Section 742.210.

"Stratigraphic Unit" means a site-specific geologic unit of native deposited material and/or bedrock of varying thickness (e.g., sand, gravel, silt, clay, bedrock, etc.). A change in stratigraphic unit is recognized by a clearly distinct contrast in geologic material or a change in physical features within a zone of gradation. For the purposes of this Part, a change in stratigraphic unit is identified by one or a combination of differences in physical features such as texture, cementation, fabric, composition, density, and/or permeability of the native material and/or bedrock.

"TCLP" means Toxicity Characteristic Leaching Procedure (Method 1311) as published in "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods", USEPA Publication No. SW-846, as incorporated by reference in Section 742.210.

"Total Petroleum Hydrocarbon (TPH)" means the additive total of all petroleum hydrocarbons found in an analytical sample.

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"Volatile Organic Compounds (VOCs)" means organic chemical analytes identified as volatiles as published in "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods," 1. USEPA Publication No. SW-846 (incorporated by reference in Section 742.210), method numbers 8010, 8011, 8015, 8020, 8021, 8030, 8031, 8240, 8260, 8315, and 8316. For analytes not listed in any category in those methods, those analytes which have a boiling point less than 200°C and a vapor pressure greater than 0.1 Torr (mm Hg) at 20°C.

(Source: Amended at 21 Ill. Reg. 1003, effective 1/1/00.)

SUBPART E: TIER 1 EVALUATION

Section 742.505 Tier 1 Soil and Groundwater Remediation Objectives

a) Soil

1) Inhalation Exposure Route

A) The Tier 1 soil remediation objectives for this exposure route based upon residential property use are listed in Appendix B, Table A.

B) The Tier 1 soil remediation objectives for this exposure route based upon industrial/commercial property use are listed in Appendix B, Table B. Soil remediation objective determinations relying on this table require use of institutional controls in accordance with Subpart J.

2) Ingestion Exposure Route

A) The Tier 1 soil remediation objectives for this exposure route based upon residential property use are listed in Appendix B, Table A.

B) The Tier 1 soil remediation objectives for this exposure route based upon industrial/commercial property use are listed in Appendix B, Table B. Soil remediation objective determinations relying on this table require use of institutional controls in accordance with Subpart J.

3) Soil Component of the Groundwater Ingestion Route

A) The Tier 1 soil remediation objectives for this exposure route based upon residential property use are listed in Appendix B, Table A.

B) The Tier 1 soil remediation objectives for this exposure route based upon industrial/commercial property use are listed in Appendix B, Table B.

C) The pH-dependent Tier 1 soil remediation objectives for identified ionizable organics or inorganics for the soil component of the groundwater ingestion exposure route (based on the total amount of contaminants present in the soil sample results and groundwater classification) are provided in Appendix B, Tables C and D.

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D) Values used to calculate Tier 1 soil remediation objectives for this exposure route are listed in Appendix B, Table F. Evaluation of the dermal contact with soil exposure route is not required under Tier 1.

b) Groundwater

1) The Tier 1 groundwater remediation objectives for the groundwater component of the groundwater ingestion route are listed in Appendix B, Table E.

2) The Tier 1 groundwater remediation objectives for this exposure route are given for Class I and Class II groundwaters, respectively.

3) The evaluation of 35 Ill. Adm. Code 620.615 regarding mixtures of similar-acting chemicals shall be considered satisfied for Class I groundwater at the point of human exposure if: the Class I groundwater remediation objectives set forth in Appendix B, Table B shall be corrected for cumulative effect of mixtures of similar-acting noncarcinogenic chemicals in accordance with the methodologies set forth in either subsection (b)(3)(A) or (B); if more than one chemical listed in Appendix A, Table B is detected at a site and if such chemicals affect the same target organ (i.e., has the same critical effect as defined by the RfD).

A) No more than one similar-acting noncarcinogenic chemical as listed in Appendix A, Table B is detected in the groundwater at the site; and Calculate the weighted average using the following equations:

$$W_{\text{ave}} = \frac{x_1}{x_1 + x_2 + \dots + x_n} + \frac{x_2}{x_1 + x_2 + \dots + x_n} + \dots + \frac{x_n}{x_1 + x_2 + \dots + x_n}$$

$$E_{\text{ave}} = \frac{E_1}{E_1 + E_2 + \dots + E_n} + \frac{E_2}{E_1 + E_2 + \dots + E_n} + \dots + \frac{E_n}{E_1 + E_2 + \dots + E_n}$$

where:

W_{ave} = Weighted Average

x_i = through x_n = concentration of each individual contaminant at the location of concern; Note that depending on the target organ/mode of action, the actual number of contaminants will range from 2 to 14.

E_{ave} = A-tier remediation objective each x_i from Appendix B, Table E.

i) If the value of the weighted average calculated in accordance with the equations above is less than or equal to 1, then the remediation objectives are met for those chemicals.

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ii) if the value of the weighted average calculated in accordance with the equations above is greater than 1.0, then additional remediation must be carried out until the level of contaminants remaining in the remediated area have a weighted average calculated in accordance with the equation above less than or equal to one.

B) No carcinogenic contaminant of concern as listed in Appendix A, Table H is detected in any groundwater sample associated with the site, using analytical procedures capable of achieving either the 1 in 1,000,000 cancer risk concentration or the ADL, whichever is greater. Divide each individual chemical's remediation objective by the number of chemicals in that specific target organ group that were detected at the site. Each of the contaminant concentrations at the site is then compared to the remediation objectives that have been adjusted to account for this potential additivity.

4) If the conditions of subsection (b)(3) of this Section are not met, the Class I groundwater remediation objectives set forth in Appendix B, Table E shall be corrected for the cumulative effect of mixtures of similar-acting chemicals using the following methodologies:

A) For noncarcinogenic chemicals, the methodologies set forth at Section 742.805(c) or Section 742.915(h) shall be used; and

B) For carcinogenic chemicals, the methodologies set forth at Section 742.805(d) or Section 742.915(h) shall be used.

(Source: Amended at 21 Ill. Reg. 43301, effective 4/1/88)

SUBPART H: TIER 2 GROUNDWATER EVALUATION

Section 742.805 Tier 2 Groundwater Remediation Objectives

a) To develop a groundwater remediation objective under this Section that exceeds the applicable Tier 1 groundwater remediation objective, a person may request approval from the Agency if the person has performed the following:

- 1) Identified the horizontal and vertical extent of groundwater for which the Tier 2 groundwater remediation objective is sought;
- 2) Taken corrective action, to the maximum extent practicable to remove any free product;
- 3) Using Equation R26 in accordance with Section 742.810, demonstrated that the concentration of any contaminant of concern in groundwater will meet:

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A) The applicable Tier 1 groundwater remediation objective at the point of human exposure; or

B) For any contaminant of concern for which there is no Tier 1 groundwater remediation objective, the Health Advisory concentration determined according to the procedures specified in 35 Ill. Adm. Code 620, Subpart F at the point of human exposure. A person may request the Agency to provide these concentrations or may propose these concentrations under Subpart I;

4) Using Equation R26 in accordance with Section 742.810, demonstrated that the concentration of any contaminant of concern in groundwater within the minimum or designated maximum setback zone of an existing potable water supply well will meet the applicable Tier 1 groundwater remediation objective or if there is no Tier 1 groundwater remediation objective, the Health Advisory concentration;

5) Using Equation R26 in accordance with Section 742.810, demonstrated that the concentration of any contaminant of concern in groundwater discharging into a surface water will meet the applicable water quality standard under 35 Ill. Adm. Code 302;

6) Demonstrated that the source of the release is not located within the minimum or designated maximum setback zone or within a regulated recharge area of an existing potable water supply well; and

7) If the selected corrective action includes an engineered barrier as set forth in Subpart K to minimize migration of contaminant of concern from the soil to the groundwater, demonstrated that the engineered barrier will remain in place for post-remediation land use through an institutional control as set forth in Subpart J.

b) A groundwater remediation objective that exceeds the water solubility of that chemical (refer to Appendix C, Table E for solubility values) is not allowed.

c) The contaminants of concern for which a Tier 1 remediation objective has been developed shall be included in any mixture of similar-acting chemicals under consideration in Tier 2. The evaluation of 35 Ill. Adm. Code 620.615 regarding mixtures of similar-acting chemicals shall be considered satisfied for Class I groundwater at the point of human exposure if either of the following requirements are achieved: Groundwater remediation objectives for chemicals which affect the same target organ system or similar mode of action shall meet the requirements of Section 743.505(b)(3). Contaminants of concern for which a Tier 1 remediation objective has been developed shall be included in any mixture of similar-acting substances under consideration in Tier 2.

1) Calculate the weighted average using the following equations:

$$W[\text{ave}] = \frac{x[1]}{CUO[x[1]]} + \frac{x[2]}{CUO[x[2]]} + \frac{x[3]}{CUO[x[3]]} + \dots + \frac{x[a]}{CUO[x[a]]}$$

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where:

$$W[ave] = \text{Weighted Average}$$

$x[1]$ through $x[a] =$ Concentration of each individual contaminant at the location of concern. Note that, depending on the target organ, the actual number of contaminants will range from 2 to 14.

$CUO[x[a]] =$ A Tier 1 or Tier 2 remediation objective mu be developed for each $x[a]$.

i) If the value of the weighted average calculated in accordance with the equations above is less than or equal to 1.0, then the remediation objectives are met for those chemicals.

ii) If the value of the weighted average calculated in accordance with the equations above is greater than 1.0, then additional remediation must be carried out until the level of contaminants remaining in the remediated area have a weighted average calculated in accordance with the equation above less than or equal to one; or

2) Divide each individual chemical's remediation objective by the number of chemicals in that specific target organ group that were detected at the site. Each of the contaminant concentrations at the site is then compared to the remediation objectives that have been adjusted to account for this potential additivity.

d) The evaluation of 35 Ill. Adm. Code 620.615 regarding mixtures of similar-acting chemicals are considered satisfied if the cumulative risk from any contaminant(s) of concern listed in Appendix A, Table H, plus any other contaminant(s) of concern detected in groundwater and listed in Appendix A, Table F as affecting the same target organ/organ system as the contaminant(s) of concern detected from Appendix A, Table H, does not exceed 1 in 10,000.

(Source: Amended at 21 Ill. Reg. 1030, effective)

SUBPART I: TIER 3 EVALUATION

Section 742.915 Formal Risk Assessments

A comprehensive site-specific risk assessment shall demonstrate that

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contaminants of concern at a site do not pose a significant risk to any human receptor. All site-specific risk assessments shall be submitted to the Agency for review and approval. A submittal under this Section shall address the following factors:

- Whether the risk assessment procedure used is nationally recognized and accepted including, but not limited to, those procedures incorporated by reference in Section 742.210;
- Whether the site-specific data reflects actual site conditions;
- The adequacy of the investigation of present and post-remediation exposure routes and risks to receptors identified at the site;
- The appropriateness of the sampling and analysis;
- The adequacy and appropriateness of toxicity information;
- The extent of contamination;
- Whether the calculations were accurately performed; and
- Similar-acting chemicals shall be specifically addressed. At a minimum, the chemicals subject to this requirement are identified in Appendix A, Tables E and F; and
- Proposals seeking to modify the target risk consistent with Section 742.900(d) shall address the following factors:
 - the presence of sensitive populations;
 - the number of receptors potentially impacted;
 - the duration of risk at the differing target levels; and
 - the characteristics of the chemical of concern.

(Source: Amended at 21 Ill. Reg. 1030, effective)

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Section 742. TABLE E Similar-Acting Noncarcinogenic Chemicals with
 Nongenotoxic Effects on Specific Target Organs/Systems or
 Similar Modes of Action

Kidney
 Acetone
 Cadmium (Ingestion only)
 Chlorobenzene
 Dalapon
 1,1-Dichloroethane
 Di-n-octyl phthalate
 Endosulfan
 Ethylbenzene
 Fluoranthene
 Nitrobenzene
 Pyrene
 Toluene
 2,4,5-Trichlorophenol
 Vinyl acetate

Liver
 Acenaphthene
 Acetone
 Butylbenzyl phthalate
 1,1-Dichloroethene
 Chlorobenzene
 1,1-Dichloroethylene
 Di-n-octyl-phthalate
 Endrin
 Ethylbenzene
 Fluoranthene
 Nitrobenzene
 Picloram
 Styrene
 2,4,5-Tp (Silvex)
 Toluene
 2,4,5-Trichlorophenol

Central Nervous System
 Butanol
 Cyanide (amenable)
 2,4-Dimethylphenol
 Endrin
 Manganese
 2-Methylphenol
 Mercury

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Styrene
 Xylenes

Circulatory System

Antimony
 Barium
 2,4-D
 cis-1,2-Dichloroethylene
 Nitrobenzene
 trans-1,2-Dichloroethylene
 2,4-Dimethylphenol
 Fluoranthene
 Fluorene
 Styrene
 Zinc

Gastrointestinal System

Indothall
 Hexachlorocyclopentadiene
 Methyl bromide

Reproductive System

Barium
 Boron
 Carbon disulfide
 2-Chlorophenol
 1,2 Dibromo-3-Chloropropane (Inhalation only)
 Dinoseb
 Methoxychlor
 Phenol

Cholinesterase Inhibition

Aldicarb
 Carbofuran

Decreased Body Weight Gains and Circulatory System Effects

Atrazine
 Simazine

Adrenal Gland

Nitrobenzene
 1,2,4-Trichlorobenzene

Respiratory System

1,2-Dichloropropane
 Hexachlorocyclopentadiene
 Methyl bromide
 Vinyl acetate

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Immune System
2,4-Dichlorophenol
p-Chloroaniline

(Source: Amended at 21 Ill. Reg. 1.2.3.4., effective

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Section 742. TABLE F Similar-Acting Carcinogenic Chemicals with-Carcinogenic
toxic-Effects-on-Specific-Target-Organ-Systems--of-Similar-Modes-of
Action

Kidney
Bromodichloromethane
Chloroform
1,2-Dibromo-3-chloropropane
2,4-Dinitrotoluene
2,6-Dinitrotoluene
Hexachlorobenzene

Liver
Aldrin
Bis(2-chloroethyl)ether
Bis(2-ethylhexyl)phthalate
Carbazole
Carbon tetrachloride
Chlordane
Chloroform
DDD
DDE
DDT
1,2-Dibromo-3-chloropropane
1,2-Dibromoethane
3,3'-Dichlorobenzidine
1,2-Dichloroethane
1,3-Dichloropropane (Ingestion only)
1,3-Dichloropropylene
Dieldrin
2,4-Dinitrotoluene
2,6-Dinitrotoluene
Heptachlor
Heptachlor epoxide
Hexachlorobenzene
alpha-HCH
gamma-HCH (Lindane)
Methylene chloride
N-Nitrosodiphenylamine
N-Nitrosodi-n-propylamine
Pentachlorophenol
Tetrachloroethylene
Trichloroethylene
2,4,6-Trichlorophenol
Toxaphene
Vinyl chloride

Circulatory System

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Benzene
2,4,6-Trichlorophenol

Gastrointestinal System

Benzo(a)anthracene
Benzo(b)fluoranthene
Benzo(k)fluoranthene
Benzo(a)pyrene
Chrysene

Dibenzo(a,h)anthracene
Ideno(1,2,3-c,d)pyrene
Bromodichloromethane
Bromoform
1,2-Dibromo-3-chloropropane
1,2-Dibromomethane
1,3-Dichloropropylene

Lung

Arsenic
Beryllium (Inhalation only)
Cadmium (Inhalation only)
Chromium, hexavalent (Inhalation only)
1,3-Dichloropropylene
Methylene chloride
N-Nitrosodi-n-propylamine
Vinyl chloride

Nasal Cavity

1,2-Dibromo-3-chloropropane (Inhalation only)
1,2-Dibromomethane (Inhalation only)
N-Nitrosodi-n-propylamine

Bladder

3,3'-Dichlorobenzidine
1,3-Dichloropropylene
N-Nitrosodiphenylamine

(Source: Amended at 21 Ill. Reg. _____, effective _____)

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Section 742. TABLE H Chemicals Whose Tier I Class I Groundwater Remediation Objective Exceeds the 1 in 1,000,000 Cancer Risk Concentration

| Chemical | Class I | | |
|----------|--|---|------------|
| | Groundwater Remediation Objective (mg/l) | 1 in 1,000,000 Cancer Risk Concentration (mg/l) | ADL (mg/l) |
| | | | |

| | | | |
|-----------------------------|---------|----------|---------|
| Aldrin | 0.00004 | 0.000002 | 0.00004 |
| Benzo(a)pyrene | 0.0002 | 0.000005 | 0.00023 |
| Bis(2-chloroethyl)ether | 0.01 | 0.00003 | 0.01 |
| Bis(2-ethylhexyl)phthalate | 0.006 | 0.003 | 0.0027 |
| Carbon Tetrachloride | 0.005 | 0.0003 | 0.00003 |
| Chlordane | 0.002 | 0.00003 | 0.00014 |
| Dibenzo(a,h)anthracene | 0.0003 | 0.000005 | 0.0003 |
| 1,2-Dibromo-3-chloropropane | 0.0002 | 0.00003 | 0.0002 |
| 1,2-Dibromomethane | 0.0005 | 0.000004 | 0.00005 |
| 3,3'-Dichlorobenzidine | 0.02 | 0.00008 | 0.02 |
| 1,2-Dichloroethane | 0.005 | 0.0004 | 0.00003 |
| Dieldrin | 0.0002 | 0.000002 | 0.00002 |
| Heptachlor | 0.0004 | 0.000008 | 0.00003 |
| Heptachlor epoxide | 0.0002 | 0.000004 | 0.00032 |
| Hexachlorobenzene | 0.0006 | 0.00002 | 0.00006 |
| alpha-HCH | 0.0003 | 0.000006 | 0.00003 |
| Tetrachloroethylene | 0.005 | 0.0007 | 0.00001 |
| Toxaphene | 0.003 | 0.00003 | 0.00086 |
| Vinyl chloride | 0.002 | 0.000015 | 0.00006 |

Ionizable Organics

N-Nitrosodiphenylamine
N-Nitrosodi-n-propylamine
Pentachlorophenol
2,4,6-Trichlorophenol

| | | |
|--------|----------|--------|
| 0.01 | 0.007 | 0.01 |
| 0.01 | 0.000005 | 0.01 |
| 0.001 | 0.0003 | 0.001 |
| 0.0064 | 0.003 | 0.0064 |

Inorganics

Arsenic
Beryllium

| | | |
|-------|----------|-------|
| 0.05 | 0.00002 | 0.001 |
| 0.004 | 0.000083 | 0.004 |

(Source: Added at 21 Ill. Reg. _____, effective _____)

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1) Heading of the Part: Telephone Assistance Programs

2) Code Citation: 83 Ill. Adm. Code 757

3) Section Numbers:

| | |
|---------------|--------------------------|
| 757.10 | <u>Emergency Action:</u> |
| 757.100 | Amendment |
| 757.105 | Amendment |
| 757.110 | Amendment |
| 757.115 | Amendment |
| 757.120 | Amendment |
| 757.125 | Amendment |
| 757.130 | Amendment |
| 757.200 | Amendment |
| 757.205 | Amendment |
| 757.210 | Amendment |
| 757.215 | Amendment |
| 757.220 | Amendment |
| 757.225 | Repealed |
| 757.235 | Amendment |
| 757.240 | Repealed |
| 757.245 | Amendment |
| 757.400 | New Section |
| 757.405 | New Section |
| 757.410 | New Section |
| 757.415 | New Section |
| 757.420 | New Section |
| 757.425 | New Section |
| 757.430 | New Section |
| 757.Exhibit A | Amendment |
| 757.Exhibit B | Amendment |
| 757.Exhibit C | Amendment |
| 757.Exhibit D | Amendment |
| 757.Exhibit E | Amendment |

4) Statutory Authority: Implementing Sections 13-301 and 13-301.1 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/13-301, 13-301.1, and 10-101].

5) Effective Date of Rules: December 10, 1997

6) If these emergency rules are to expire before the end of the 150-day period, please specify the date on which they are to expire: Not applicable

7) Date Filed in Agency's Principal Office: December 3, 1997

8) Reason for Emergency: These amendments are necessary for Illinois to

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participate in two federal programs that begin on January 1, 1998. These programs are for support of low income telecommunications customers. Participation is mandated by the Federal Communications Commission.

9) A Complete Description of the Subjects and Issues Involved:

The Federal Communications Commission (FCC) issued its Report and Order (FCC 97-157) in CC Docket 96-45, Federal-State Joint Board on Universal Service (hereafter "Universal Service Order"). In the Universal Service Order, the FCC adopted rules on support for telecommunications services provided to low income customers (47 CFR 54.400 et seq.). As of January 1, 1998, these rules will modify two federal support programs, "Link Up" and "Lifeline."

Section 54.201(a) (47 CFR 54.201(a)) of the FCC rules states that, starting on January 1, 1998, only carriers designated as "eligible telecommunications carriers" (ETCs) will be eligible to receive federal universal service support for providing service to rural healthcare, low income consumers, and consumers located in high cost, rural or insular areas. Among the requirements mandated by the FCC for ETCs is the requirement to provide Lifeline and Link Up service to qualifying low income consumers.

Sections 54.400 - 54.409 of the FCC rules set out the Lifeline Program, which provides monthly support for services. The federal baseline Lifeline support amount shall equal \$3.50 per qualifying low-income consumer. The Commission, acting on the FCC rules, approves an additional reduction of \$1.75 in the amount paid by consumers. This will allow an additional federal Lifeline support of \$1.75 to be made available to the carrier providing Lifeline service to that consumer. Qualification criteria are detailed in the amendments to Part 757. Lifeline is a new program for Illinois consumers.

Sections 54.411 - 54.417 of the FCC rules define the Link Up Program. The Link Up Program will reduce the recipient's installation charge by 50% or up to \$30, with a deferred payment schedule for the remainder of the charges for which the consumer does not pay interest. Interest charges shall not be assessed to the consumer for connection charges up to \$200 and may be deferred for a period not to exceed one year. Link Up recipients must participate in the same federal programs as Lifeline recipients. Illinois has offered Link Up (formerly known as Lifeline) to Illinois consumers since 1994; however, the qualifying programs were different.

ETCs will receive universal support for providing Lifeline and Link Up under administrative procedures determined by an FCC-appointed Administrator.

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In addition to the federally mandated Lifeline and Link Up, the Universal Telephone Service Assistance Program (UTSAP) established as a State program in Part 757 will continue to offer an additional \$10 in supplemental assistance in the form of Lifeline support from voluntary contributions received from Illinois ratepayers. The supplemental assistance will be offered to qualified low-income consumers by ETCs and local exchange carriers. These recipients must qualify for the same programs as Lifeline and Link Up recipients.

In addition to offering these programs, ETCs and LECs will also be responsible for soliciting, collecting, and remitting voluntary contributions to fund UTSAP.

10) Are there any other proposed amendments to this Part pending? No

11) Statement of Statewide Policy Objectives: These emergency amendments neither create nor expand any State mandate on units of local government, school districts, or community college districts.

12) Information and questions regarding these rules shall be directed to:

Conrad S. Rubinkowski
Office of General Counsel
Illinois Commerce Commission
527 East Capitol Avenue
P.O. Box 19280
Springfield, IL 62794-9280
(217) 785-3922
Fax: (217) 524-8928

The full text of the Emergency Amendments appears on the next page:

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TITLE 83: PUBLIC UTILITIES
CHAPTER I: ILLINOIS COMMERCE COMMISSION
SUBCHAPTER f: TELEPHONE UTILITIES

PART 757

TELEPHONE ASSISTANCE PROGRAMS

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EMERGENCY
757.15 Dispute Procedures

SUBPART B: LINK UP BIPESNE-CONNECTION-ASSISTANCE PROGRAM

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SUBPART C: UNIVERSAL TELEPHONE SERVICE ASSISTANCE PROGRAM

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757.220 UTSAP Contribution Solicitation and Program Publicity
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757.235 UTSAP Income Certification

EMERGENCY

757.240 Recertification (Repealed)

EMERGENCY

757.245 UTSAP Filing Requirements

EMERGENCY

SUBPART D: STAFF LIAISON

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757.300 Staff Liaison

SUBPART E: LIFELINE SERVICE

Section

757.400 Lifeline Service Requirement

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757.405 Lifeline Recovery Mechanism

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757.425 Lifeline Eligibility

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757.430 Income Certification and Recertification

EMERGENCY

EXHIBIT A LEC Quarterly Report to Commission

EMERGENCY

EXHIBIT B Monthly LEC Waiver Supplemental Installation Charge and

EMERGENCY

EXHIBIT C Costs/ Contributions Report Reporting-Form

EMERGENCY

EXHIBIT D Quarterly UTSAP Administrator Report to Commission

EMERGENCY

EXHIBIT E Lifeline BBSWP Recertification Ineligibility Notice

EMERGENCY

EXHIBIT F Link Up/Lifeline Telephone-Assistance Programs

EMERGENCY

EXHIBIT G Certification Form

EMERGENCY

AUTHORITY: Implementing Sections 13-301 and 13-301.1 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/13-301, 13-301.1, and 10-101].

SOURCE: Adopted at 13 Ill. Reg. 14366, effective October 1, 1989; amended at 14 Ill. Reg. 17923, effective October 15, 1990; emergency repealer at 15 Ill. Reg. 5082, effective March 25, 1991, for a maximum of 150 days; repealed at 15 Ill. Reg. 11929, effective August 12, 1991; adopted at 16 Ill. Reg. 17981,

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effective December 15, 1992; amended at 20 Ill. Reg. 15257, effective December 1, 1996; emergency amendments at 21 Ill. Reg. 14366, effective December 10, 1997, for a maximum of 150 days.

SUBPART A: GENERAL PROVISIONS

Section 757.10 Definitions

EMERGENCY

For the purpose of this Part:

"Act" means the Public Utilities Act [220 ILCS 5].

"Administrator" means the entity that administers the Federal Communications Commission's (FCC) universal service support mechanisms in accord with 47 CFR 54, subpart H, as of May 7, 1997. This incorporation does not include any later amendments or editions.

"Commission" means the Illinois Commerce Commission.

"Customer service center" means any office, operated by a local exchange carrier, where applications for service can be made in person.

"Department" means the Illinois Department of Public Aid.

"Eligible new subscriber" is an applicant for local exchange service who meets the eligibility guidelines set forth in Section 757.425. As used in this Part, a subscriber who meets the eligibility criteria set forth in Section 757.425 who relocates his principal place of residence is also an eligible new subscriber 757.425-with-respect-to Subpart-B-and-Section-757.245-with-respect-to-Subpart-E.

"Eligible subscriber" is any individual currently subscribing to local exchange service who meets the eligibility guidelines set forth in Section 757.425 425-with-respect-to-Subpart-B-and-Section-757.245-with-respect-to-Subpart-E.

"Eligible telecommunications carrier" has the meaning given to it at 47 CFR 54.5 as of May 7, 1997. This incorporation does not include any later amendments or editions.

"Installation charge" means those tariffed charges assessed for connecting an eligible new subscriber to the network. These charges do not include security deposit requirements.

"LEC" means "local exchange carrier", which is a telecommunications carrier providing local service as defined in Section 13-204 of the

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Act [220 ILCS 5/13-204].

"Lifetime-Connection-Assistance-program" or "Lifetime" means the retail local service offering defined and Lifetime-Connection Assistance-program established at 47 CFR 54.401 et seq., as of May 7, 1997, 47 CFR 36-701 et seq. as of October 17, 1995, and in which all Illinois eligible telecommunications carriers BBEs shall participate as provided in Section 757.100. This incorporation does not include any later amendments or editions.

"Link Up Program" or "Link Up" means the Link Up Assistance program defined and established at 47 CFR 54.411 et seq., as of May 7, 1997, and in which all Illinois eligible telecommunications carriers shall participate as provided in Section 757.100. This incorporation does not include any later amendments or editions.

"Local exchange service obligation" means those tariffed charges assessed on a monthly basis for access to the network. These charges do not include taxes.

"Local-Exchange-Service-Obligation-Waiver-Program" or "LESWP" means that part of the Universal Telephone Service Assistance Program described in Section 757.200(c)(2).

"Medical card" is a card issued by the Department which certifies that the holder is a participant in a proxy program.

"NECA" means the National Exchange Carrier Association, established at 47 CFR 69-601 et seq. as of October 17, 1995.

"Program" or "plan" means the telephone assistance programs offered by LECs and eligible telecommunications carriers under this Part in which all Illinois BBEs shall participate as provided in Sections 757.100 and 757.200.

"Proxy program(s)" include the following assistance programs, as identified in 47 CFR 54.409(b) as of May 7, 1997: Medicaid; food stamps; Supplemental Security Income; federal housing assistance; or Low-Income Home Energy Assistance. This incorporation does not include any later amendments or editions administered by the Department, aid to families with dependent children (AFDC), aid to the aged, blind, and disabled (AABD), General Assistance (GA), City of Chicago only, Refugee/Repatriate Programs (RRP), Medicaid Assistance (excluding medical extension cases and spend-down cases), and Food Stamps.

"Qualifying low-income subscriber" has the meaning given to it at 47 CFR 54.400 as of May 7, 1997. This incorporation does not include any

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later amendments or editions.

"Staff" means individuals employed by the Illinois Commerce Commission.

"Toll blocking" is a service provided by carriers that lets consumers elect not to allow the completion of outgoing toll calls from their telecommunications channel and has a meaning consistent with 47 CFR 54.400 as of May 7, 1997. This incorporation does not include any later amendments or editions.

"Toll control" is a service provided by carriers that allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or per billing cycle, and has a meaning consistent with 47 CFR 54.400 as of May 7, 1997. This incorporation does not include any later amendments or editions.

"Toll limitation" means both toll blocking and toll control.

"UTSAP" means the Universal Telephone Service Assistance Program in which all Illinois LECs shall participate as provided in Section 757.200.

"UTSAP Administrator" is the Illinois not-for-profit corporation responsible for the administration of the UTSAP as described in Section 757.215.

"Waiver" means any reduction in a participant's initial telephone service installation charge or local exchange service obligation in the amount established under the provisions of this Part.

(Source: Emergency amendment at 21 Ill. Reg. 1.01, effective December 10, 1997, for a maximum of 150 days)

SUBPART B: LINK UP LIFELINE-CONNECTION-ASSISTANCE PROGRAM

Section 757.100 Link Up Service Requirement

EMERGENCY

- a) No later than January 1, 1998, each eligible telecommunications carrier within 90 days from the date this program receives Federal Communications Commission (FCC) certification, each BBE shall participate in the "Link Up" Lifeline-Connection-Assistance program adopted by the FCC in 47 CFR 54.411 EPR-36-701 et seq. as of May 7, 1997 October 17, 1995. This incorporation does not include any later amendments or editions.
- b) As part of its participation in the program identified in subsection (a), each eligible telecommunications carrier the BBEs

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shall implement a low-income assistance program characterized by a 50% waiver, of up to \$30.00, of the initial telephone service installation charge. The waiver shall be applicable to the primary service order, central office and premise visit components of the service connection charges and shall be provided to each qualifying low-income eligible new subscriber.

- c) In addition, each eligible telecommunications carrier ~~the BBEs~~ shall offer any qualifying low-income ~~eligible~~ new subscriber the opportunity to enter into a deferred payment arrangement for the remaining installation charges, up to \$200. Eligible new subscribers shall be given no more ~~less~~ than one year ~~six~~ months to retire the remaining installation charges, and the eligible telecommunications carrier BBE shall refrain from applying interest charges to such amounts for such period.

(Source: Emergency amendment at 21 Ill. Reg. ~~10.113~~, effective December 10, 1997, for a maximum of 150 days)

Section 757.105 Link Up Recovery Mechanism

EMERGENCY

Costs incurred as a result of providing service under Section 757.100 shall be recovered in the following manner:

- a) The eligible telecommunications carrier ~~BBEs~~ shall recover the entire amount of the installation charge waivers provided to all qualifying low-income ~~eligible~~ new subscribers from funds provided by the Administrator NEBA through the Link Up Program ~~lifetime~~ ~~connection~~ Assistance program.
- b) The eligible telecommunications carrier ~~BBEs~~ shall recover all interest charges ~~up to \$200~~, waived as a result of deferred payment arrangements, as provided in Section 757.100(c), ~~on those charges not covered by the installation waiver~~ from funds provided by the Administrator NEBA through the Link Up Program ~~lifetime~~ ~~connection~~ Assistance program.

(Source: Emergency amendment at 21 Ill. Reg. ~~10.113~~, effective December 10, 1997, for a maximum of 150 days)

Section 757.110 Link Up Publicity

EMERGENCY

Eligible telecommunications carriers ~~BBEs~~ shall publicize the Link Up Program in all exchanges. ~~Publicity shall include, but not be limited to:~~

- a) On an ongoing basis, at least once each calendar quarter, each eligible telecommunications carrier will advertise its Link Up Program. These advertisements may appear in press releases, brochures, bill inserts, the telecommunications carrier's publications, newspapers, radio, television and/or any other suitable

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means in the eligible telecommunications carrier's service territory. ~~Periodic news releases promoting the program employing radio television or newspapers in each BBE's service territory. Such releases shall occur once every three months during the first year of the plan, and at least once a year thereafter.~~

- b) Each eligible telecommunications carrier's directory shall include an explanation of its Link Up Program. ~~Written notification of the program to the agency directors of the Illinois Department of Public Aid, the Illinois Department on Aging, and the Illinois Department of Children and Family Services, along with a request to publicize the program.~~

- c) Each eligible telecommunications carrier will provide written notification of the Link Up Program to the directors of municipal, State, and federal government agencies within the eligible telecommunications carrier's service territory whose clientele is likely to benefit from the program. Such notification shall be provided within 30 days after the inception of the program or a change in benefits under the program. Information to be provided shall include, as a minimum, the program offered, descriptions of the intended recipients of the program, the terms under which the program is available, and directions on how and where to apply.

- d) Eligible telecommunications carriers may at any time be required to provide proof of their advertising practices to the Commission.

(Source: Emergency amendment at 21 Ill. Reg. ~~10.113~~, effective December 10, 1997, for a maximum of 150 days)

Section 757.115 Link Up Application Procedure and Processing

EMERGENCY

- a) Eligible telecommunications carriers ~~BBEs~~ shall be responsible for processing all Link Up ~~lifetime~~ applications.
- b) Link Up ~~lifetime~~ application forms, in the form of Exhibit B of this Part, shall be made available at all eligible telecommunications carrier's BBE customer service centers and by mail.
- c) ~~Presentation of a current medical card by an applicant upon completion of the lifetime application shall constitute proof of income eligibility. Further certification by the Department shall not be required.~~

(Source: Emergency amendment at 21 Ill. Reg. ~~10.113~~, effective December 10, 1997, for a maximum of 150 days)

Section 757.120 Link Up Filing Requirements

EMERGENCY

- a) Within ten days after the effective date of this amendment, eligible telecommunications carriers ~~BBEs~~ shall, after the effective date of this

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Party, BBEs shall file with the Commission a tariff pursuant to Section 13-501 of the Act for the provision of the Link Up Lifeline 50% waiver of the subscriber installation charge and deferred payment arrangements as provided in Section 757.100(a).

- b) Each eligible telecommunications carrier BBE shall maintain the data and information necessary to provide the information required in Exhibit A. Quarterly reports providing the information specified in Exhibit A shall be filed with the Chief Clerk of the Commission and the UTSAP Administrator within 30 days after each calendar quarter's end. In addition, eligible telecommunications carriers BBEs shall maintain supporting documentation in such a manner as to be able to readily identify the expenses detailed in Section D of Exhibit A in appropriate subaccounts. (See 83 Ill. Adm. Code 710.)

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.125 Link Up Eligibility

EMERGENCY

- a) The eligibility provisions specified in Section 757.425 shall apply. In order to be eligible to receive benefits under the Lifeline Connection Assistance program described in this Subpart-B, an individual must:

- 1) Participate in a proxy program as defined in this Part;
- 2) Not be a dependent for federal income tax purposes unless the applicant is more than 60 years of age (see 26 U.S.C. 152);

- b) Benefits available under the Link Up Lifeline Connection Assistance program shall be applied to one access line only at the principal place of residence of the eligible new subscriber. Eligible telecommunications carriers may not limit the number of connections per year for which a single customer who relocates may receive Link Up support.

- c) Link Up Lifeline Connection Assistance program benefits shall be delivered in the name of the qualifying low-income subscriber individual receiving assistance from one of the proxy programs defined in Section 757.10.

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.130 Income Certification

EMERGENCY

Certification of eligibility shall be determined as provided in Section 757.430(a)-(c).

- a) Upon the initiation of the Lifeline Connection Assistance program, the BBEs shall conduct a mass mailing. Such a mailing shall include a

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certification card and shall be directed to those individuals receiving assistance from one of the proxy programs defined in Section 757.10. Once an individual receives the certification card, that individual shall be responsible for:

- 1) Completion of the certification card; and
- 2) Return of the certification card to the relevant BBE within 90 days from the date of the card's issuance.
- b) On an ongoing basis, certification of eligibility shall be determined in the following manner:

- 1) Where customer service centers exist, certification of eligibility shall be determined by the BBE. In such instances, presentation of a current medical card by the applicant shall be sufficient to confirm income eligibility.

- 2) The BBEs shall also take applications over the telephone or by letter. In such instances, verifications of eligibility by the BBEs shall be conducted in cooperation with the Department.

- 3) The applicant shall be solely responsible for establishing eligibility in one or more of the proxy programs through the Department. When BBEs find that an applicant's name is not shown on the Department's master records, the applicant will be advised to contact the Department to verify or establish eligibility.

- 4) Applications for the installation waiver shall be processed and certified within 14 days from the date the application was received by the BBE.

- c) In the event an applicant takes exception to the eligibility status as determined by the BBE, the BBE shall advise the applicant of the proper dispute procedures as outlined in Section 757.15.

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

SUBPART C: UNIVERSAL TELEPHONE SERVICE ASSISTANCE PROGRAM

Section 757.200 Service Requirement

EMERGENCY

- a) Each Within-90-days after the effective date of this Part, each LEC shall participate in the Universal Telephone Service Assistance Program (UTSAP) as required and authorized by Section 13-301.1 of the Public Utilities Act and as ordered by the Commission. All voluntary contributions received by a LEC under Section 757.205 from the date of initial participation until a determination is made by the Commission under subsection (b) of this Section shall be forwarded to the UTSAP Administrator consistent with the provisions of Section 757.210(d). The UTSAP Administrator shall invest these funds in securities backed by the United States government.

- b) On July 1 of each year, the UTSAP Administrator shall file with the Commission a petition requesting the Commission to determine the

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amount of supplemental assistance, if any, the LEC ~~BBB~~ shall provide each eligible new subscriber or eligible subscriber under the programs set forth in subsection (c) of this Section. The petition shall contain recommendations of the UTSAP Administrator as provided in Section 757.215(e)(5). The Commission may enter an order without a hearing; however, a hearing shall be held if requested by a party or by Staff within 30 days after the date the petition is filed, and a hearing may also be held on the Commission's or the Hearing Examiner's own motion. The Commission shall determine, subject to the availability of funds, the amount of supplemental assistance, if any, the LECs shall provide each eligible new subscriber or eligible subscriber under the programs set forth in subsection (c) of this Section.

c) The UTSAP may provide assistance or, in the case of customers of eligible telecommunications carriers, supplement the assistance provided by the Link Up Lifeline--Connection--Assistance Program as described in Subpart B and/or the Lifeline Program as described in Subpart D through:

- 1) ~~a additional~~ waiver of the initial telephone service installation charges ~~beyond those provided in Section 757.100(b)~~ for eligible new subscribers, which, in the case of eligible telecommunications carriers, is in addition to that provided in Section 757.100(b);
- 2) a waiver of all or a portion of the local exchange service obligation of eligible subscribers or eligible new subscribers, which, in the case of eligible telecommunications carriers, is in the form of State Lifeline service support; or
- 3) a combination of both subsections (c)(1) and (2) above as ordered by the Commission under subsections (b), (d) and (e).

d) Limitation of eligibility ~~Waiver~~

1) If the Commission determines that a waiver of all or a portion of the local exchange service obligation should be provided by the UTSAP, in the form of State Lifeline service support or otherwise, the Commission may, if it deems necessary, limit eligibility under Section 757.425(a) to:

- A) one or more of the individual Proxy Programs ~~administered by the Department~~ as identified in the definition of "Proxy Programs" in Section 757.10, or
 - B) one or more subprograms within, or components of, an individual Proxy Program.
- 2) Any proposals to limit eligibility pursuant to this subsection (d) shall be made as part of the petition filed annually under subsection (b) of this Section.
- 3) The Commission shall adopt a proposal that limits eligibility for the Lifeline Program ~~a waiver of all or a portion of the local exchange service obligation~~ to one or more Proxy Programs or subprograms or components thereof pursuant to this subsection (d) only if it finds that:

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- A) participation in the Proxy Program, subprogram, or component thereof can be verified ~~through inquiry to the facilities maintained by the Department~~;
- B) the funds available to the UTSAP from voluntary contributions are sufficient and predictable, so as ~~projected~~ to permit the UTSAP to provide State Lifeline support ~~the proposed assistance by means of a waiver of all or a portion of the local exchange service obligation~~ to all subscribers or all new subscribers within the Proxy Program, subprogram, or component on an ongoing basis;
- C) the proposal will increase accessibility to telephone service; and
- D) the proposal adequately considers the needs of and potential benefits to participants in the Proxy Programs; and
- E) the proposal establishes narrowly targeted qualification criteria that are based solely on income or factors directly related to income, consistent with 47 CFR 54.409 as of May 7, 1997. This incorporation does not include any later amendments or editions.

e) The Commission, on its own motion, or based upon a petition filed by the UTSAP Administrator, may order the LECs to temporarily suspend payment of or temporarily reduce the amount of the supplemental assistance provided under the programs set forth in Section 757.200(c), if the total program costs exceed, or will exceed, the funds available from contributions specified in Section 757.205. If the Commission suspends or reduces the amount of payments under this Section, the Commission shall determine, subject to the availability of funds, the amount of supplemental assistance, if any, the LECs shall provide each eligible new subscriber or eligible subscriber under the programs set forth in subsection (c) of this Section.

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.205 UTSAP Funding

EMERGENCY

- a) All funding for UTSAP will be by voluntary contributions.
- b) Customers wishing to participate in the funding of UTSAP may do so by electing to contribute, on a monthly basis, a fixed amount to be included by the LEC on the customer's monthly bill. This contribution shall not reduce the customer's total amount due for telephone services or other charges appearing on the bill.
- c) Residential customers may elect to contribute either \$.50, \$1.00, \$2.00 or \$5.00 per month. Business customers may elect to contribute \$1.00, \$5.00, \$10.00 or \$25.00 per month. Contributions will be collected on a recurring basis each month from the customer's bill remittance and will be reported and transferred to the UTSAP

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- Administrator as specified in Section 757.210(d).
- d) Customers may elect to discontinue or change the amount of the monthly contribution on their bill at any time upon providing at least 30 days notice to the LEC.
- e) LECs shall provide customers the ability and the opportunity to make the elections referred to in subsections (b), (c) and (d) above on the bill inserts required by Section 757.220(a) ~~Sections 757.220(b) and (c)~~.
- f) Failure by the customer in any month to remit the entire billed amount shall reduce the UTSAP contribution accordingly.
- g) One time or periodic contributions in excess of those amounts shown in subsection (d) above shall be made directly to the UTSAP Administrator.
- h) There are no other funding requirements on any party or individual for UTSAP above and beyond those shown in this Section.
- i) ~~If the Commission determines pursuant to Section 757.200 that a waiver of all or a portion of the local exchange service obligation should be provided by UTSAP, the Commission shall, within 30 days after the Commission's order file information with the Secretary of the Federal Communications Commission as required by 47 C.F.R. 69.104 to obtain certification of eligibility for a reduction or waiver of the End-User Common-line charge for eligible participants.~~

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.210 UTSAP Recovery

EMERGENCY

Costs incurred as a result of providing service under Section 757.200 shall be recovered in the following manner:

- a) The LECs shall deduct the waivers provided to participants for local exchange service obligations and any additional waivers of the initial telephone service installation charge as specified in Section 757.200 from the voluntary UTSAP contributions. Each LEC shall forward voluntary UTSAP contributions net of installation waivers and Lifeline BESPWP waivers provided pursuant to Section 757.200(c) to the UTSAP Administrator.
- b) The LECs shall be allowed to recover their administrative costs associated with the supplemental assistance portion of the Link Up Program ~~Lifeline Connection Assistance Program~~ and with the UTSAP from the voluntary UTSAP contributions. Such administrative costs shall be reported by all LECs to the Commission and the UTSAP Administrator through reports in the form of Exhibit A to this Part and, for LECs with more than 35,000 access lines, to the UTSAP Administrator through reports in the form of Exhibit B to this Part.
- c) Each LEC with more than 35,000 access lines shall report in the form of Exhibit B remitted monthly to the UTSAP Administrator, and shall

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- report quarterly in the form of Exhibit A to the Commission and the UTSAP Administrator. Each LEC with 35,000 or fewer access lines shall report quarterly in the form of Exhibit A to the Commission and the UTSAP Administrator, and shall remit quarterly to the UTSAP Administrator.
- d) The monthly LEC reports to the UTSAP Administrator required of LECs with more than 35,000 access lines shall be in the form of Exhibit B and shall include:
- 1) the total UTSAP contributions billed, less adjustments for previous months UTSAP contributions billed but not collected;
 - 2) the total amount of local exchange service obligations waived;
 - 3) the amount of the additional waivers of the initial telephone service installation charges as specified in Section 757.200; and
 - 4) any allowable administrative expenses incurred as specified in subsection (b) of this Section.
- e) Costs of the UTSAP Administrator and its functions will be recovered from the UTSAP contributions before any other payments are made under the plan.
- f) Subject to its jurisdiction, the Commission may examine at any time the reasonableness of the LEC's costs incurred solely because of participation in UTSAP. If the Commission determines, after notice and hearing, that such expenditures are not reasonable, the LEC shall remit the amounts determined not to be reasonable to the UTSAP Administrator.

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.215 UTSAP Administrator

EMERGENCY

- a) All Illinois LECs shall be members of the Universal Telephone Assistance Corporation (UTAPAC), an Illinois not-for-profit corporation as defined in the General Not for Profit Corporation Act [805 ILCS 105] that will serve as the UTSAP Administrator. ~~Within 60 days after the effective date of this Part, the BSES shall form the Universal Telephone Assistance Corporation (UTAPAC) whose members are all LECs as an Illinois not-for-profit corporation as defined in the General Not-For-Profit Corporation Act [805 ILCS 105], to be the UTSAP Administrator.~~
- b) The LECs shall prepare and submit to the Commission for its approval proposed Articles of Incorporation and Bylaws and initial members of a Board of Directors for the UTAC prior to submission to the Secretary of State of the State of Illinois.
- c) The UTAPAC shall file an application for federal income tax exempt status.
- d) The UTAC Board will consist of 9 members. There shall be three classes of directors: one class consisting of 5 directors who shall

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be elected from five or more nominations made by the LECs, one class consisting of two directors who shall be elected from two or more nominations made by the Attorney General and the Citizens Utility Board, and one class consisting of two directors who shall be elected from two or more nominations made by the National People's Action, the Community Action for Fair Utility Practice, and the South Austin Coalition Community Council. The directors of all three classes shall be elected by a vote of the members of UTAC.

- e) The responsibilities of the UTAC, as the UTSAP Administrator, shall be:
- 1) to administer a statewide UTSAP pool to which all LECs will report UTSAP contributions and expenses.
 - 2) to collect UTSAP contributions net of installation and Lifeline waivers provided pursuant to Section 757.200(c) ~~and~~ **waivers** and reimburse LECs for their administrative expenses.
 - 3) to make quarterly reports to the Commission as detailed in Exhibit C of this Part.
 - 4) to advise the Commission at any time that the total program costs exceed or will exceed the total contributions, so that the Commission may consider suspending any UTSAP programs or reducing the amount of assistance until such time as there are sufficient funds available to offset the costs.
 - 5) to assess the total UTSAP costs and the total UTSAP revenues and to petition the Commission pursuant to Section 757.200(b) and (d) for the purpose of recommending any changes in the waiver amounts, the establishment of any new UTSAP programs, or the discontinuance of any existing programs.
 - 6) to provide any external promotion and advertising of the Link Up and Lifeline Programs ~~Connection-Assistance-Program~~ and the UTSAP in conformance with or in addition to that specified in ~~Sections 757.110, and Section 757.220 and 757.410.~~
- f) The UTAC, with Board approval, may contract with an outside agency to establish and maintain the UTSAP pooling function. The UTAC shall obtain Commission approval of any such contract.
- g) The UTSAP Administrator shall request bids and seek Commission approval of all contracts exceeding \$10,000.

(Source: Emergency amendment at 21 Ill. Reg. ~~757.200(b)~~, effective December 10, 1997, for a maximum of 150 days)

Section 757.220 UTSAP Contribution Solicitation and Program Publicity EMERGENCY

- a) All LECs shall publicize the UTSAP to encourage contributions.

1) Annually ~~within 90 days after the effective date of this Part,~~ each LEC shall ~~will~~ notify its customers that they may elect to participate in the funding of the UTSAP by electing to contribute, on a monthly basis, a fixed amount to be included in

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monthly bills until canceled by the customer.

2) ~~b)~~ The customer notification specified in subsection (a)(1) of this Section shall ~~will~~ be in the form of an insert in the customer bill. The bill insert shall ~~mailing will~~ specify fixed monthly amounts from which customers wishing to contribute may choose. In addition, the bill insert shall ~~mailing will~~ contain a phone number, post card or a mailing address that the customer may use to contact the LEC in order to initiate monthly contribution billing.

3) ~~c)~~ On an ongoing basis, at least once each quarter, each LEC shall solicit UTSAP contributions from its ~~the LECs will continue to~~ inform customers ~~that they may contribute to UTSAP~~ through bill inserts, news releases, LEC publications or other suitable means.

4) ~~d)~~ The LEC ~~service representatives~~ will inform customers that they may contribute to UTSAP in connection with on all orders ~~contacts~~ for new service installation or move of service within the LEC's territory.

b) Each LEC shall publicize, in all of its exchanges, each program offered by the LEC under this Subpart C at least once each calendar quarter. These advertisements may appear in press releases, brochures, bill inserts, LEC publications, newspapers, radio, television and/or any other suitable means in the LEC's service territory.

e) ~~The publicity requirements shown in Section 757.110 will also apply to the UTSAP.~~

(Source: Emergency amendment at 21 Ill. Reg. ~~757.110~~, effective December 10, 1997, for a maximum of 150 days)

Section 757.225 UTSAP Eligibility (Repealed) EMERGENCY

a) ~~In order to be eligible to receive UTSAP benefits under Section 757.200(c)(1) if such benefits are ordered by the Commission pursuant to Section 757.200(b), an individual must:~~

1) ~~Participate in one of the proxy programs as defined in this Part.~~

2) ~~Not be a dependent for income tax purposes unless he or she is more than 60 years of age (see 26 U.S.C. 152).~~

b) ~~In order to be eligible to receive UTSAP benefits under Section 757.200(c)(2) if such benefits are ordered by the Commission pursuant to Section 757.200(b), an individual must:~~

1) ~~meet the eligibility requirements of (a) above, and~~

2) ~~participate in the applicable Proxy Program(s) as established by the Commission pursuant to Section 757.200(d).~~

c) ~~Any waiver shall be available for one access line only, which shall be as the principal place of residence of the individual receiving assistance from one of the proxy programs set forth in Section 757.110. UTSAP program benefits shall be delivered in the name of an individual~~

d) ~~Any waiver shall be available for one access line only, which shall be as the principal place of residence of the individual receiving assistance from one of the proxy programs set forth in Section 757.110. UTSAP program benefits shall be delivered in the name of an individual~~

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~~receiving assistance from one of the programs set forth in subsection (a)(1) of this Section.~~
e) ~~Should a UTSAP program be temporarily suspended at any time, existing program participants will retain their eligibility upon resumption of the program subject to the recertification conditions outlined in Section 757-240.~~

(Source: Emergency repealer at 21 Ill. Reg. 16434, effective December 10, 1997, for a maximum of 150 days)

Section 757.235 UTSAP Income Certification

EMERGENCY

- a) The same income certification guidelines as shown in Section 757.430(a), (b), and (c) 757-198 will be applicable for the UTSAP.
- b) The LEC shall place an individual in the UTSAP upon determination of eligibility.

(Source: Emergency amendment at 21 Ill. Reg. 16434, effective December 10, 1997, for a maximum of 150 days)

Section 757.240 Recertification (Repealed)

EMERGENCY

~~Recertification of a participant's eligibility for any BBSWP waiver provided under the UTSAP shall be conducted in the following manner:~~

- a) ~~BBS shall be responsible for recertification and shall conduct recertification through inquiry to the facilities maintained by the Department.~~
- b) ~~Recertification shall be conducted no more than once every six months and no less than once a year.~~
- c) ~~If a BBS determines upon recertification that a UTSAP participant is no longer eligible, the BBS shall provide the participant 30 days notice prior to terminating the participant from the UTSAP. Notice of such a determination shall be provided to the participant in writing and shall provide the information specified in Exhibit B.~~

(Source: Emergency repealer at 21 Ill. Reg. 16434, effective December 10, 1997, for a maximum of 150 days)

Section 757.245 UTSAP Filing Requirements

EMERGENCY

- a) LECs shall file with the Commission appropriate tariffs for the provision of an additional waiver of the initial telephone service installation charge and/or a Lifeline BBSWP waiver pursuant to order(s) of the Commission under Section 757.200 authorizing such supplemental assistance programs.

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- b) LECs shall file with the Commission reports containing the information specified in Exhibit A of this Part, as provided in Section 757.210.
- c) The UTSAP Administrator shall file with the Commission, on a quarterly basis, a report containing the information specified in Exhibit C of this Part.
- d) LECs shall file with the UTSAP Administrator reports containing the information specified in Exhibit B of this Part, as provided in Section 757.210.
- e) The UTSAP Administrator shall file with the Commission copies of the minutes of all meetings of the Board of Directors of UTAC.

(Source: Emergency amendment at 21 Ill. Reg. 16435, effective December 10, 1997, for a maximum of 150 days)

SUBPART E: LIFELINE SERVICE

Section 757.400 Lifeline Service Requirements

EMERGENCY

- a) No later than January 1, 1998 each eligible telecommunications carrier shall participate in the Lifeline Program adopted by the FCC in 47 CFR 54.400 et seq. as of May 7, 1997. This incorporation does not include any later amendments or editions.

- b) As part of its participation in the program identified in subsection (a) of this Section, each eligible telecommunications carrier shall implement a low-income assistance program characterized by a reduction of \$1.75 in access line charges for qualifying low-income subscribers. Unless the Commission enters an order under Section 757.200 determining that UTSAP funds shall be used as State Lifeline service support, eligible low-income subscribers of eligible telecommunications carriers will receive monthly support of \$5.25.

- c) Eligible telecommunications carriers shall offer toll limitation without charge to all qualifying low-income consumers at the time such consumers subscribe to Lifeline service. If the consumer elects to receive toll limitation, where available, that service shall become part of the consumer's Lifeline service.

- d) Each eligible telecommunications carrier shall file information with the Administrator demonstrating that its Lifeline plan meets the criteria set forth in 47 CFR 54.400 et seq. as of May 7, 1997, and stating the number of qualifying low-income individuals and the amount of State assistance. This incorporation does not include any later amendments or editions.

- e) Eligible telecommunications carriers may not collect a service deposit in order to initiate the Lifeline service, if the qualifying low-income consumer voluntarily elects toll blocking from the carrier, where available. If toll blocking is unavailable, the carrier may charge a service deposit.

- f) Eligible telecommunications carriers may not disconnect Lifeline

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service for non-payment of toll charges.

(Source: Emergency rule added at 21 Ill. Reg. 16416, effective December 10, 1997, for a maximum of 150 days)

Section 757.405 Lifeline Recovery Mechanism
EMERGENCY

Costs incurred as a result of providing service under Section 757.400 shall be recovered in the following manner:

- a) The eligible telecommunications carriers shall recover the entire amount of the reduction in access line charges from the Administrator through the Lifeline program.
- b) Support for providing Lifeline shall be provided directly to the eligible telecommunications carrier, based on the number of qualifying low-income consumers it serves, under administrative procedures determined by the Administrator.
- c) Eligible telecommunications carriers shall recover the incremental cost of providing toll blocking and toll control, where available, from the Administrator through the Lifeline program.
- d) An eligible telecommunications carrier's support reimbursement shall not exceed the carrier's standard non-Lifeline rate.

(Source: Emergency rule added at 21 Ill. Reg. 16416, effective December 10, 1997, for a maximum of 150 days)

Section 757.410 Lifeline Publicity
EMERGENCY

- a) Eligible telecommunications carriers shall publicize the Lifeline Program in all exchanges.

- 1) On an ongoing basis, at least once each calendar quarter, each eligible telecommunications carrier will advertise its Lifeline Program. These advertisements may appear in press releases, brochures, bill inserts, the telecommunications carrier's publications, newspapers, radio, television and/or any other suitable means in the eligible telecommunications carrier's service territory.
- 2) Each eligible telecommunications carrier's directory shall include an explanation of its Lifeline Program.
- 3) Each eligible telecommunications carrier will provide written notification of the Lifeline Program to the directors of municipal, State and federal governmental agencies within the eligible telecommunications carrier's service territory whose clientele is likely to benefit from the program. Such notification shall be provided within 30 days after the inception of the program or a change in benefits under the program. Information to be provided shall include, as a minimum, the

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program offered, descriptions of the intended recipients of the program, the terms under which the program is available, and directions on how and where to apply.

- 4) Eligible telecommunications carriers may at any time be required to provide proof of their advertising practices to the Commission.

- b) The publicity provisions specified in Section 757.220(b) shall apply to eligible telecommunications carriers' provision of Lifeline service.

(Source: Emergency rule added at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.415 Lifeline Application Procedures and Processing
EMERGENCY

The application procedures and processing provisions specified in Section 757.115 shall apply.

(Source: Emergency rule added at 21 Ill. Reg. 16413, effective December 10, 1997, for a maximum of 150 days)

Section 757.420 Lifeline Filing Requirements
EMERGENCY

Within ten days after the effective date of this Section, each eligible telecommunications carrier shall file with the Commission a tariff pursuant to Section 13-501 of the Act for the provision of Lifeline service, including the reduction of \$1.75 in access line charges as provided in Section 757.400(b).

(Source: Emergency rule added at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.425 Lifeline Eligibility
EMERGENCY

In order to be eligible to receive benefits under the Lifeline Program described in this Subpart E an individual must:

- a) Participate in a proxy program as defined in this Part.
- b) In lieu of electronic verification, sign the form attached as Exhibit B certifying under penalty of perjury that the individual receives benefits from one of the proxy programs, identifying the program or programs from which that individual receives benefits, and agreeing to notify the eligible telecommunications carrier if that individual ceases to participate in the program or programs.
- c) Meet additional eligibility criteria, if any, established by the Commission pursuant to Section 757.200(d).

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(Source: Emergency rule added at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

Section 757.430 Income Certification and Recertification
EMERGENCY

- a) Applications in the form attached as Exhibit B shall be processed and certified by the eligible telecommunications carrier within 14 days after the date the application was received.
- b) The applicant shall be solely responsible for establishing eligibility in one or more of the proxy programs. If an eligible telecommunications carrier finds that an applicant's eligibility cannot be established through the records of a proxy program, the applicant will be advised by the eligible telecommunications carrier to contact the proxy program to establish or verify eligibility.
- c) In the event an applicant takes exception to the eligibility status as determined by the eligible telecommunications carrier, the eligible telecommunications carrier shall advise the applicant of the proper dispute procedures as outlined in Section 757.15.
- d) Recertification of a participant's eligibility shall be conducted in the following manner:
- 1) Eligible telecommunications carriers shall be responsible for recertification.
 - 2) Recertification shall be conducted no less than once a year.
 - 3) If an eligible telecommunications carrier determines upon recertification that a participant is no longer eligible, the eligible telecommunications carrier shall provide the participant 30 days notice prior to terminating the participant. Notice of such a determination shall be provided to the participant in writing, and shall be provided the information specified in Exhibit A.

(Source: Emergency rule added at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

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Section 757. EXHIBIT A LEC Quarterly Report to Commission
EMERGENCY

EXHIBIT A
Page 1 of 4 5

Local-Exchange-Company:-----

QUARTERLY REPORT TO THE ILLINOIS COMMERCE COMMISSION

STATUS OF THE LINK UP LIFELINE-CONNECTION-ASSISTANCE PROGRAM

ELIGIBLE TELECOMMUNICATIONS CARRIER:

FOR CALENDAR QUARTER ENDING:

| A+ | MONTH | APPLICATIONS APPROVED Received | INSTALLATION WAIVED Charges | Interest |
|--------------------|-------|--------------------------------------|--------------------------------|----------|
| | | | | |
| 1) | | | | |
| 2) | | | | |
| 3) | | | | |
| Total | | | | |
| Year-To-Date Total | | | | |

B)--RECIPIENTS

Number-----Persons---Receiving---Lifetime---Connection
Assistance-----Year-To-Date

NOTE: Each Eligible Telecommunications Carrier SEE must file the original of this Exhibit A with the Chief Clerk of the Illinois Commerce Commission and forward a copy to the UTSAP Administrator and the Staff Liaison within 30 days after the end of each calendar quarter.

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Exhibit A
Page 2 5 of 4 5

Local-Exchange-Company:-----

QUARTERLY REPORT TO THE ILLINOIS COMMERCE COMMISSION

STATUS OF THE LIFELINE MONTHLY WAIVER PROGRAM

ELIGIBLE TELECOMMUNICATIONS CARRIER: _____

FOR CALENDAR QUARTER ENDING: _____

| A) | APPLICATIONS | | MONTHLY CHARGES WAIVED @ \$5.25 |
|----|--------------------|----------|------------------------------------|
| | APPROVED | RECEIVED | |
| 1) | MONTH | | |
| | | | |
| 2) | | | |
| | | | |
| 3) | | | |
| | | | |
| | Total | | |
| | Year-To-Date Total | | |

B)---RECEPIENTS

Number-of-Persons-Receiving-Monthly-Assistance

Year-To-Date:-----
Note: Each Eligible Telecommunications Carrier must file the original of this Exhibit A with the Chief Clerk of the Illinois Commerce Commission and forward a copy to the UTSAP Administrator and the Staff Liaison within 30 days after the end of each calendar quarter. The information supplied under "Monthly-Charges-Waived" should correspond to the information provided on Exhibit-B-for-BEES-with-more-than-35,000-access-lines.

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Exhibit-A
Page-3-of-5

Local-Exchange-Company:-----

Per-Calendar-Quarter-Ending:-----

B)---BEE-ADMINISTRATIVE-COSTS
(Further-breakdown-of-(C)1-c-on-page-2-of-5)

| Administrative-Costs-and Contact-Time | Current Quarter | Year-to Date* |
|---|--------------------|------------------|
| a- Supervision | \$----- | \$----- |
| b- Customer-Records-&-Collections (Total-of-lines-1-6-Below) | ----- | ----- |
| 1---Salaries-&-Pringe Benefits | ----- | ----- |
| 2---Materials | ----- | ----- |
| 3---Postage | ----- | ----- |
| 4---Transportation Expenses | ----- | ----- |
| 5---Preprinted-Forms | ----- | ----- |
| 6---Other | ----- | ----- |
| c- Miscellaneous Customer-Accounts | ----- | ----- |
| d- Administrative-& General-Salaries | ----- | ----- |
| e- General-Office Supplies-&-Expenses | ----- | ----- |
| f- Outside-Services Employed | ----- | ----- |

TOTAL-ADMINISTRATIVE-COSTS

*---Includes-Current-Quarter

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Exhibit A
Page 3 4 of 4 5

Local-Exchange-Company-----

QUARTERLY REPORT TO THE ILLINOIS COMMERCE COMMISSION

STATUS OF THE UTSAP SUPPLEMENTAL ADDITIONAL INSTALLATION CHARGE
WAIVER

LOCAL EXCHANGE COMPANY: _____

FOR CALENDAR QUARTER ENDING: _____

| A+ | APPLICATIONS | | ADDITIONAL INSTALLATION CHARGES WAIVED |
|--------------|--------------|----------------------|---|
| | MONTH | APPROVED RECEIVED | |
| 1) | _____ | _____ | _____ |
| 2) | _____ | _____ | _____ |
| 3) | _____ | _____ | _____ |
| Total | | _____ | _____ |
| Year-To-Date | | _____ | _____ |

B)-RECIPIENTS

Number--of--Persons--Receiving--Additional--Installation--Charge--Waiver
Assistance

Year-To-Date-----

Note: Each Local Exchange Company must file the original of this Exhibit A with the Chief Clerk of the Illinois Commerce Commission and forward a copy to the UTSAP Administrator and the Staff Liaison within 30 days after the end of each calendar quarter.

Note: The information supplied under "Additional Installation Charges Waived" should correspond to the information provided on Exhibit B for LECs with more than 35,000 access lines.

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Exhibit A
Page 4 2 of 4 5

Local-Exchange-Company-----

QUARTERLY REPORT TO THE ILLINOIS COMMERCE COMMISSION

STATUS OF UTSAP EXPENDITURES

LOCAL EXCHANGE COMPANY: _____

FOR CALENDAR QUARTER ENDING: _____

C) UTSAP EXPENDITURE REPORT

| | Current Quarter | Year to Date* |
|--|--------------------|------------------|
| 1. Telecommunications Expenses | _____ | _____ |
| a. Billing and Data Processing | \$ _____ | _____ |
| b. Customer Notification and Bill Inserts | _____ | _____ |
| c. Certification Administration (LEC) and Contact Time | _____ | _____ |
| (Total of Lines 1-6 below) | | |
| 1. Salaries & Fringe Benefits | _____ | _____ |
| 2. Materials | _____ | _____ |
| 3. Postage | _____ | _____ |
| 4. Transportation Expenses | _____ | _____ |
| 5. Preprinted Forms | _____ | _____ |
| 6. Other | _____ | _____ |
| d. Certification Administration (IDPA/SSI) | _____ | _____ |
| e. Service Representative Training | _____ | _____ |
| f. Other, please specify | _____ | _____ |

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| | | |
|-----------------------------------|----|----|
| TOTALS | \$ | \$ |
| Less UTSAP Reimbursement Received | \$ | \$ |
| BALANCES | \$ | \$ |

* Includes Current Quarter

NOTE: Each Local Exchange Company must file the original of this Exhibit A with the Chief Clerk of the Illinois Commerce Commission and forward a copy to the UTSAP Administrator and the Staff Liaison within 30 days after the end of each calendar quarter. Expenses associated with the Federal Lifeline and Link Up Programs should not be reported on this form.

NOTE: LECs Carriers shall maintain supporting documentation in such a manner as to be able to readily identify the above expenses in appropriate subaccounts.

Quarterly "Totals" reported on this page should correspond to the sum of the monthly "Administrative Costs" reported on Exhibit B by LECs with over 35,000 access lines.

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

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Section 757. EXHIBIT B Monthly LEC Waiver Supplemental Installation Charge and Costs/ Contributions Report Reporting-Form
EMERGENCY

Exhibit B

Monthly LEC Waiver Supplemental Installation Charge and Costs/ Contributions

Report Reporting-Form

LEC _____
Month _____
Contributions: _____

- a) Total Contributions Billed _____
- b) Less Uncollectible Contributions from previous months _____
- c) Total Contributions _____

Supplemental Installation Charges and Waiver Costs:

- a) Total Additional Installation Charges Waived Exhibit A, page 3 4 of 4 5 _____
- b) Total-Monthly Waivers-(Exhibit-A7 page-5-of-5) _____
- c) Total-UTSAP Expenditures-(Exhibit-A7 page-2-of-5) _____

Amount Due from UTSAP Administrator (Supplemental Waivers exceed Contributions)

or

Amount to be Remitted to UTSAP Administrator (Contributions exceed Supplemental Waivers)

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Administrative Costs

Total UTSAP
Expenditures (Exhibit A,
page 4 of 4)

Note: Exhibit B is to be forwarded monthly to the UTSAP Administrator by LECs with more than 35,000 access lines and quarterly by LECs with fewer than 35,000 access lines.

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

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Section 757. EXHIBIT C Quarterly UTSAP Administrator Report to Commission
EMERGENCY

Exhibit C

Quarterly UTSAP Administrator Report

For Calendar Quarter Ending _____

1. Balance in Pool at Beginning of Quarter _____

Total Contributions to UTSAP _____

- a) Billed by LECs _____
- b) Directly to UTSAP Administrator _____
- c) Interest Earned _____
- d) Less Uncollected Contributions _____
2. Total Contributions _____

Total Costs _____

- a) LEC Supplemental ~~Additional~~ Installation Charge Waivers _____
- b) ~~LESWP-Waivers~~ _____
- b)c) LEC Administrative Expenses _____
- c)d) UTSAP Administrator Expenses _____

3. Total Costs _____

4. Balance in Pool at End of Quarter
(Line 1 plus Line 2 minus Line 3) _____

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

ILLINOIS COMMERCE COMMISSION
NOTICE OF EMERGENCY AMENDMENTSSection 757.EXHIBIT D Lifeline bESOWP Recertification Ineligibility Notice
EMERGENCYExhibit D
Page 1 of 2NOTICE OF REMOVAL FROM THE
LIFELINE LOCAL-EXCHANGE-SERVICE-OBLIGATION WAIVER PROGRAM
(bESOWP)

LEC (UTILITY) NAME _____

LEC PHONE # _____

Customer Name _____

Address _____

City, State, Zip _____

Phone Number _____

Account Number _____

Records show the Illinois Department of Public Aid no longer shows that you are receiving benefits under one of the following programs:

Medicaid
Supplemental Security Income
Federal Public Housing Assistance
Low-Income Home Emergency Assistance Program
Aid-to-Families-with-Dependent-Children-(AFDC)
Aid-to-the-Aged, Blind-and-Disabled-(ABDB)
General-Assistance-in-Chicago-(GAI)
Refugee/Repatriate-Programs
Food Stamps-or
select-Medical-Assistance-programs

You will therefore be removed from the Lifeline Program Local-Exchange-Service Obligation-Waiver Program (bESOWP) and no longer receive monthly credits toward your bill under the bESOWP on or after (Date)

TO AVOID REMOVAL IF YOU ARE STILL RECEIVING BENEFITS

ILLINOIS COMMERCE COMMISSION
NOTICE OF EMERGENCY AMENDMENTS

1. If you are still receiving benefits under one of the above listed programs, call the applicable agency Department of Public Aid.
2. If the agency Department has your name on their the master computer list, then call your LEC.

ILLINOIS COMMERCE COMMISSION
NOTICE OF EMERGENCY AMENDMENTS

Exhibit D
Page 2 of 2

IF YOU NEED TO REAPPLY

1. If you reapply for public-assistance benefits under one of the programs listed above and the agency Department grants your application before (Date) _____, call your LEC to have your eligibility checked.
2. If your application is granted by the agency Department after (Date) _____, you can reapply for the Lifeline BBSWP benefits by calling your LEC.
3. There will be no retroactive Lifeline BBSWP benefits between the time that your benefits are discontinued and the time that your application is approved.

REMOVAL IN ERROR

If you believe that the agency Department--of--Public--Aid has improperly terminated you from one of the listed programs, you must resolve this with the applicable agency Department.

If your Public-Aid benefits are continued while the dispute is pending, your Lifeline BBSWP benefits will also be continued.

If your Public--Aid benefits are not continued while the dispute with the applicable agency Department is pending, you will not receive Lifeline BBSWP benefits until you have won your appeal.

Call your LEC to let them know if your benefits are being continued and/or if you have won your appeal.

There will be no retroactive Lifeline BBSWP benefits between the time that your benefits are discontinued and the time that your application is approved.

(Source: Emergency amendment at 21 Ill. Reg. _____, effective December 10, 1997, for a maximum of 150 days)

ILLINOIS COMMERCE COMMISSION
NOTICE OF EMERGENCY AMENDMENTS

Section 757. EXHIBIT E Link Up/Lifeline Telephone--Assistance Programs
Certification Form
EMERGENCY

Exhibit E

LINK UP/LIFELINE TELEPHONE-ASSISTANCE PROGRAMS
CERTIFICATION FORM

NAME _____ DATE ISSUED ____/____/____
ADDRESS _____ APARTMENT _____
CITY _____ ZIP CODE _____
COUNTY _____ AGE _____

SOCIAL SECURITY NO. _____

PUBLIC AID CASE NUMBER _____

For which benefits do you wish to apply?

- Link Up Connection Fee Assistance (waiver of up to 50% of the initial telephone connection fee)
- Lifeline Local Exchange Service Assistance (Assistance) with monthly telephone bills
- UMSAP Assistance (Supplemental Initial Telephone Connection Fee Assistance)

1- Are you claimed by someone else as a dependent for federal income-tax purposes?

YES--{--} NO--{--}

2- Have you lived at your present address without telephone service for at least three months?

YES--{--} NO--{--}

3- Have you previously received Link-Up--America--assistance--within--the last two years?

YES--{--} NO--{--}

4- Are you still a participant as of this date of application in one of

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DEPARTMENT OF INSURANCE

NOTICE OF EMERGENCY AMENDMENTS

NOTICE OF EMERGENCY RULES

the programs listed below following--State--of--Illinois--Assistance Programs?

YES [] NO []

In which program(s) do you currently participate?

- Food Stamps
- Medicaid
- Supplemental Security Income (SSI)
- Federal Housing Assistance Program
- Low-Income Home Energy Assistance Program (LIHEAP)
- Aid-to-Families-with-Dependent-Children-(AFDC)
- Aid-to-the-Aged,-Blind,-and-Disabled-(AABD)
- General-Assistance-(GA)
- Refugee-Repatriate-Programs-(RRA)
- Medical-Assistance

YES--[--] NO--[--]

Food-Stamps

YES--[--] NO--[--]

Under penalty of perjury, I confirm that I participate in the above stated program(s). I will notify my provider of local exchange service in the event I cease to participate in the program(s). By my signature below, I give the Social Security Administration permission to inform my local exchange telephone company whether or not I am entitled to Supplemental Security Income benefits as of the date of this application.

SIGNED

DATE

(Source: Emergency amendment at 21 Ill. Reg. effective December 10, 1997, for a maximum of 150 days)

- 1) Heading of the Part: Portability of Creditable Service Time for Downstate and Suburban Police Pension Funds
- 2) Code Citation: 50 Ill. Adm. Code 4404
- 3) Section Numbers: Emergency Action:
 - 4404.10 New Section
 - 4404.20 New Section
 - 4404.30 New Section
 - 4404.40 New Section
 - 4404.50 New Section
 - 4404.60 New Section
 - 4404.70 New Section
 - 4404.80 New Section
 - 4404.90 New Section
 - 4404.100 New Section
 - 4404.110 New Section
 - 4404.120 New Section
 - 4404.130 New Section
 - 4404.140 New Section
 - 4404.ILLUSTRATION A New Section
- 4) Statutory Authority: Implementing Section 3-109.1, 110, 110.7, 7-139.9, and authorized by Sections 3-110 of the Illinois Pension Code [40 ILCS 5/3-109.1, 110, 110.7, 7-139.9] (see P.A. 90-460, effective August 17, 1997).
- 5) Effective Date of Emergency: December 9, 1997
- 6) If this emergency rule is to expire before the end of the 150- day period, please specify the date on which it is to expire: This emergency rule will not expire before the end of the 150 day period.
- 7) Date Filed in Agency's Principal Office: December 9, 1997
- 8) Reason for Emergency: Pursuant to P.A. 90-460, effective August 17, 1997, the Public Employee Pension Fund Division of the Department of Insurance is required to promulgate regulatory standards that will establish the method for calculating the true cost of transferring creditable service time from one Article 3 police pension fund, or pursuant to Section 3-109.1 a chief of police may transfer creditable service time from the Illinois Municipal Retirement Fund (IMRF), to any other Article 3 pension fund in which the person is now an active member.

This emergency rule not only establishes the method for calculating the true cost of transferring creditable service time, but it also sets forth the procedure for making such requests and notification requirements for both the current and prior pension funds and allows the officer, or the

DEPARTMENT OF INSURANCE

NOTICE OF EMERGENCY RULES

chief of police, to give a final authorization to make such transfer. The officer or chief of police will have given his or her final authorization only after having been fully informed of all monies available and the necessary payment schedule if applicable, and having been made aware that, if the transfer occurs and he or she fails to meet the agreed to payment schedule, he or she will lose creditable service time forever.

- 9) A Complete Description of the Subjects and Issues Involved: This emergency rule will now allow officers or chiefs of police to transfer their creditable service time pursuant to the provisions of this Part. This emergency rule will also identify the method pension funds must use for calculating the true cost of transferring creditable service time. And finally, this emergency rule sets forth reporting requirements for both the current pension funds.

- 10) Are there any proposed amendments to this Part pending? No

- 11) Statement of Statewide Policy Objectives: This emergency rule will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

- 12) Information and questions regarding this emergency rule:

Questions Regarding Section 4404.50:

Scott Brandt
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767-0001
(217) 785-7410

All Other Questions:

Mike Blankenship
Chief Compliance Officer
Public Employee Pension Division
320 West Washington Street
Springfield, Illinois 62767-0001
(217) 782-1779

The full text of the Emergency Rules begins on the next page:

DEPARTMENT OF INSURANCE

NOTICE OF EMERGENCY RULES

TITLE 50: INSURANCE
CHAPTER I: DEPARTMENT OF INSURANCE
SUBCHAPTER aaa: PENSIONS

PART 4404

PORTABILITY OF CREDITABLE SERVICE TIME FOR
DOWNSTATE AND SUBURBAN POLICE PENSION FUNDS

| | |
|-----------|--|
| Section | 4404.10 Purpose |
| EMERGENCY | |
| 4404.20 | Applicability |
| EMERGENCY | |
| 4404.30 | Definitions |
| EMERGENCY | |
| 4404.40 | Request and Recision Notifications |
| EMERGENCY | |
| 4404.50 | Method of Calculation |
| EMERGENCY | |
| 4404.60 | Current Fund Notification Requirement |
| EMERGENCY | |
| 4404.70 | Prior Fund Notification Requirement |
| EMERGENCY | |
| 4404.80 | Current Fund Payment Schedule |
| EMERGENCY | |
| 4404.90 | Final Authorization to Transfer or Withdraw |
| EMERGENCY | |
| 4404.100 | Transfer of Creditable Service Time |
| EMERGENCY | |
| 4404.110 | Failure to Pay, or Death of the Officer or Chief of Police |
| EMERGENCY | |
| 4404.120 | Forfeiture |
| EMERGENCY | |
| 4404.130 | Current Pension Fund Reporting Requirements |
| EMERGENCY | |
| 4404.140 | Failure to Comply |
| EMERGENCY | |

ILLUSTRATION A DOI Information Request for Creditable Service Transfer
EMERGENCY

AUTHORITY: Implementing Section 3-109.1, 110, 110.7 and 7-139.9, and authorized by Section 3-110 of the Illinois Pension Code [40 ILCS 5/3-109.1, 110, 110.7, 7-139.9] (see P.A. 90-460, effective August 17, 1997).

SOURCE: Emergency rules adopted at 21 Ill. Reg. _____, effective December 9, 1997, for a maximum of 150 days.

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NOTICE OF EMERGENCY RULES

**Section 4404.10 Purpose
EMERGENCY**

The purpose of this Part is to allow active members of either an Article 3 police pension fund, or a chief of police who is a member of the Illinois Municipal Retirement Fund (IMRF) program for Sheriff's Law Enforcement Employees (SLEE), to transfer all of their previously accumulated creditable service time in a specified Article 3 police pension fund or the entire time held in IMRF.

**Section 4404.20 Applicability
EMERGENCY**

- a) The transfer of creditable service provisions of this Part apply to:
 - 1) Any police officer who has actively served at least 2 years in the police pension fund from which creditable service time is being transferred, except for:
 - A) Those officers who were laid off, or otherwise involuntarily terminated through no fault of the officer, with less than 2 years of service in the pension fund, or
 - B) Those officers who were not in service under the previous fund on or after August 17, 1997, and
 - 2) Beginning August 17, 1997, and until January 1, 1999, a chief of police who has previously elected to participate in the Illinois Municipal Retirement Fund (IMRF) program for Sheriff's Law Enforcement Employees (SLEE) may rescind this election and transfer creditable service back to the Article 3 police pension fund in which the person is currently an active member.
- b) This Part also applies to the following police pension funds:
 - 1) Any Article 3 police pension fund established pursuant to Section 3-101 of the Illinois Pension Code [40 ILCS 5/3-101], and
 - 2) The Illinois Municipal Retirement Fund (IMRF) established pursuant to Section 7-101 of the Illinois Pension Code [40 ILCS 5/7-101].

**Section 4404.30 Definitions
EMERGENCY**

Chief of Police shall be defined by Section 3-109.1 of the Illinois Pension Code [40 ILCS 5/109.1] (see P.A. 90-460, effective August 17, 1997).

Creditable Service shall be defined by Section 3-110 of the Illinois Pension Code [40 ILCS 5/3-110] (see P.A. 90-460, effective August 17, 1997).

Director shall be defined as the Director of the Illinois Department of Insurance.

IMRF shall be defined as the Illinois Municipal Retirement Fund.

DEPARTMENT OF INSURANCE

NOTICE OF EMERGENCY RULES

Pension Division shall be defined as the Public Employee Pension Division of the Illinois Department of Insurance.

Police Officer shall be defined by Section 3-106 of Illinois Pension Code [40 ILCS 5/3-106].

SLEE shall be defined as the Sheriff's Law Enforcement Employees program.

Qualified Actuary shall be defined as either a member of the American Academy of Actuaries, or an individual who has demonstrated to the satisfaction of the Director that his or her possesses the educational background necessary for the practice of actuarial science who also possesses not less than 7 years of relevant actuarial experience.

**Section 4404.40 Request and Recision Notifications
EMERGENCY**

- a) Any police officer who is an active member of an Article 3 police pension fund must submit a written request to his or her current pension fund board of trustees and identify, by date and time frame, the period of creditable service time to be transferred from the prior police pension fund(s) and must also identify the prior pension fund(s). This may include periods of creditable service time that have been reinstated pursuant to Section 3-110.7(b) of the Illinois Pension Code [40 ILCS 5/3-110.7(b)].
- b) Beginning August 17, 1997, and until January 1, 1999, a chief of police who is a participant in the IMRF/SLEE may rescind his or her election to participate in that fund. This may include periods of creditable service time that have been reinstated pursuant to Section 3-110.7(b) of the Illinois Pension Code [40 ILCS 5/7-139.9(b)]. A recision notification must be submitted in writing to the IMRF board of trustees and must also be copied to the board of trustees for the current fund in which the chief of police is seeking transfer of creditable service time.

**Section 4404.50 Method for Calculation
EMERGENCY**

- a) The qualified actuary shall provide the current pension fund with the actuarial accrued liability assuming continuation of active status, and the amount of reserve for each possible status that may apply to the officer or chief of police. Please see subsection (b) of this Section. The actuarial accrued liability and reserve amounts shall be computed using the actuarial cost method, including the same assumptions used for determining the most recent actuarial valuation for the current pension fund.

- b) The possible status choices, in addition to remaining active as an officer or chief of police, are: retirement, deferred retirement, disability and withdrawal. For each applicable status choice, the

DEPARTMENT OF INSURANCE

NOTICE OF EMERGENCY RULES

actuary shall provide the current pension fund with two actuarial accrued liability, or reserve, amounts. The first amount shall be the actuarial accrued liability, or reserve, computed using the combined years of service in the current fund and previous fund(s). The second amount shall be the actuarial accrued liability, or reserve, computed using only the years of service in the current fund. These amounts shall be computed as of the date the current pension fund receives either the request or rescission notification. The benefit amounts used in computing the actuarial accrued liability, and reserve, amounts shall be consistent with the years of service used in each separate actuarial accrued liability, or reserve, amount calculation. The true cost for each status shall be equal to the excess of the amount computed using the combined years of service in all funds over the amount computed using the years of service in the current pension fund.

c) The method of calculating the true cost of transferring creditable service time shall be dependent on the anticipated status of the officer or chief of police as determined by the current pension fund at the time of the service transfer, or immediately thereafter. It is the current pension fund's responsibility to determine the most likely status of the officer or chief of police after the transfer of creditable service time.

d) The current pension fund board of trustees shall determine the true cost for the requested period of creditable service time with information provided to the current pension fund by either:

- 1) the Illinois Department of Insurance, upon written request submitted in the format prescribed by Illustration A of this Part. The Department will return the information requested within 7 days after receipt of such request, if the Department's actuarial valuation was used for determining the funding requirements of the current pension fund, or
- 2) the qualified actuary who was retained by the municipality or pension fund to determine the most recent actuarial valuation used for determining the funding requirements of the current fund.

Section 4404.60 Current Fund Notification Requirement**EMERGENCY**

Within 30 days after receipt of the police officer's request, the current pension fund shall provide written notification to both the requesting officer or chief of police and the prior pension fund(s) verifying receipt of such request and obtain verification of the creditable service time on record with the prior pension fund.

Section 4404.70 Prior Fund Notification Requirement**EMERGENCY**

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Within 30 days after receipt of the current pension fund's notification, the prior pension fund(s) shall provide written notification, to both the requesting officer or chief of police and the current pension fund, which verifies receipt of the notification required by Section 4404.60 of this Part. The prior fund(s) must also identify the amount of money due to be transferred to the current fund on behalf of the officer or chief of police, specifically broken down into categories including employee contributions, employer contributions, interest and any repayments. In the event that a refund has been taken, the prior pension fund must also notify the officer or chief of police of the amount of money that will be necessary to reinstate that service time.

Section 4404.80 Current Fund Payment Schedule**EMERGENCY**

Within 14 days after receipt of the prior pension fund(s) notification, the current pension fund shall notify the requesting officer or chief of police of the total amount needed from the officer or chief of police to transfer the designated creditable service time. This figure should represent the total amount necessary to transfer the designated creditable service time minus the amount payable by the prior pension fund(s) leaving a balance payable by the officer or chief of police to satisfy the true cost of effectively transferring the designated creditable service time. In addition, the current pension fund must:

- a) Specify the method of payment as either a lump sum or a schedule of payments, including any fees or interest, not to exceed the 5 year statutory limit (see 40 ILCS 5/3-110(d)(3)), deemed acceptable by the current pension fund board of trustees and that payment must be made in full before the officer or chief of police terminates service; and
- b) Notify the officer or chief of police that once final authorization has been given pursuant to Section 4404.90 of this Part, such transfer cannot be reversed, and failure to satisfy the agreed to payment arrangement will result in a forfeiture of the employer paid portion and any accumulated interest on the designated creditable service time pursuant to Section 3-110.7 of the Illinois Pension Code [40 ILCS 5/3-110.7] (see P.A. 90-460, effective August 17, 1997).

Section 4404.90 Final Authorization to Transfer or Withdraw**EMERGENCY**

Within 14 days after receiving notification from the current pension fund, which must include a payment schedule deemed acceptable to meet the additional amount due, if applicable, the officer or chief of police must either:

- a) Provide an irrevocable written authorization to transfer creditable service time to the current pension fund; or
- b) Submit a written request to withdraw the initial application for transferring creditable service to the current pension fund; or
- c) If the officer or chief of police fails to take action by the 15th

DEPARTMENT OF INSURANCE

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day, pursuant to either subsection (a) or (b) of this Section, the initial request to transfer the designated creditable service time will be automatically withdrawn.

Section 4404.100 Transfer of Creditable Service Time**EMERGENCY**

- a) Within 7 days after final authorization from the officer or chief of police has been received by the current pension fund, the current pension fund must forward a copy of the final authorization to the prior pension fund(s).
- b) Within 30 days after the prior pension fund(s) receive a copy of the officer's or chief of police's final authorization, the prior pension fund must transfer the designated creditable service time to the current pension fund along with the payment of all moneys required to be transferred.

Section 4404.110 Failure to Pay, or Death of the Officer or Chief of Police**EMERGENCY**

- a) In the event that the officer or chief of police fails to pay the additional contributions required by the current pension fund to satisfy the effective transfer of the designated creditable service time deemed appropriate by the board of trustees and agreed to by the officer or chief of police, or the officer or chief of police terminates service before the expiration of the statutory 5 year maximum:
 - 1) The officer or chief of police will receive a refund of the actual employee contributions transferred within 30 days after failure to meet the terms of the agreed to payment schedule, plus any interest paid for reinstating service time from the prior pension fund; and
 - 2) All partial payments made by the officer or chief of police to the current fund.
- b) In the event that the officer or chief of police dies in service before payment of additional contributions has been satisfied and prior to the 5 year statutory payment period maximum:
 - 1) The surviving spouse has up to 6 months after the officer's or chief of police's death to pay the remaining balance due to satisfy the payment schedule; or
 - 2) The surviving spouse shall be entitled to the same refund as specified in subsection (a) of this Section.

Section 4404.120 Forfeiture**EMERGENCY**

Transferred credit that is not granted due to failure to pay the additional contribution within the required time is lost; it may not be transferred to another pension fund and may not be reinstated in the pension fund from which

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it was transferred. [40 ILCS 5/3-110(d)(5)]

Section 4404.130 Current Pension Fund Reporting Requirements
EMERGENCY

Within 30 days after the designated creditable service time has been transferred to the current pension fund, the current pension fund must file a report with the Pension Division. The report must contain the following:

- a) The name and FEIN of the current pension fund to which creditable service time was transferred;
- b) The name and FEIN of the prior pension fund from which creditable service time was transferred;
- c) The name and Social Security Number of the officer or chief of police for whom creditable service time was transferred;
- d) The beginning and ending dates for all periods of creditable service time transferred;
- e) The amount transferred, including a breakdown of the total to include:
 - 1) The formula and assumptions used to determine the amount representing the officer's or chief of police's contributions, including the amount itself;
 - 2) The formula and assumptions used to determine the amount of interest paid by the officer or chief of police to reinstate service, if any, including the amount itself;
 - 3) The formula and assumptions used to determine the amount of interest paid on the amounts in subsections (e)(1) and (2) of this Section;
 - 4) The amount designated as the employer contribution; and
 - 5) Any other assumptions used;
- f) In addition, the report must also contain the date that the designated creditable service time was transferred;
- g) The true cost of transferred creditable service time;
- h) If the actuarial accrued liability and reserve amounts used in determining the true cost of transferring creditable service time were calculated by a qualified actuary pursuant to Section 4404.50(d)(2) of this Part, then an actuarial certification must be filed by the current pension fund and must contain a statement that the actuarial accrued liabilities or reserves were calculated by the undersigned actuary in compliance with Section 4404.50(a), (b) and (c) of this Part;
- i) And finally, the current pension fund must provide a copy of the agreed to payment schedule which must identify:
 - 1) The total amount of contributions, including any fees or interest needed from the officer or chief of police to satisfy the effective transfer of the designated creditable service time;
 - 2) The payment schedule itself; and
 - 3) Any contributions paid by the officer or chief of police.

Section 4404.140 Failure to Comply

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EMERGENCY

If any party fails to comply with the requirements of this Part, including either the substance or filing requirements contained herein, such party shall be subject to the penalty provisions of the Illinois Pension Code [40 ILCS 5/1-101 through 1-113.11 and 1A-101 through 1A-113].

DEPARTMENT OF INSURANCE

NOTICE OF EMERGENCY RULES

**Section 4404. ILLUSTRATION A DOI Information Request for Creditable Service Transfer
EMERGENCY**

Please Forward This Request To:

Illinois Department of Insurance
Public Employee Pension Division
320 West Washington Street
Springfield, Illinois 62767-0001

Within 7 working days after the Illinois Department of Insurance receives this request the Department will provide the current pension fund with the actuarial accrued liability, and reserve, amounts to be used in determining the true cost of transferring creditable service time.

1. Officer's or Chief of Police's Name: _____
2. SS#: _____
3. D.O.B.: _____
4. Entry Date into Current Fund: _____
5. Date Current Pension Fund Received Request or Rescission Notification: _____
6. Officer's or Chief of Police's Age at the Time the Current Pension Fund Receives Either the Request or Rescission Notification: _____
7. Current Annual Salary of the Officer or Chief of Police as of the Date the Current Pension Fund Received the Request or Rescission Notification: _____
8. Years, Months and Days of Creditable Service Time in Current Fund to Date Current Pension Fund Receives Request or Rescission Notification: _____
9. Date(s) of Any Service Breaks from Current Fund Where Service Credit Was Not Given: _____
10. Entry Date into Prior Pension Fund(s): _____
11. Date of Termination from Prior Pension Fund(s): _____
12. Years, Months and Days of Creditable Service Time Being Transferred from Prior Pension Fund(s): _____

DEPARTMENT OF INSURANCE

NOTICE OF EMERGENCY RULES

13. Date(s) of Any Service Breaks from Prior Pension Fund Where Service Credit Was Not Given:

14. Current Pension Fund Contact Person and Mailing Address:

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF PEREMPTORY AMENDMENT

- 1) Heading of the Part: Pay Plan
- 2) The Code Citation: 80 Ill. Adm. Code 310
- 3) Section Numbers: Peremptory Action:
310. Appendix A, Table V Amended
- 4) Reference to the specific State or Federal Court Order, Federal Rule or Statute which requires this Peremptory Rulemaking:
Section 1-5(d) of the Illinois Administrative Procedure Act [5 ILCS 100/1-5(d)]
- 5) Statutory Authority: 20 ILCS 415/8 and 8a.
- 6) Effective Date: December 4, 1997
- 7) A Complete Description of the Subjects and Issues Involved: This amendment to the Pay Plan reflects the newly negotiated three-year Collective Bargaining Agreements for the Corrections Meet and Confer Employees, effective July 1, 1997 through June 30, 2000.
In Section 310. Table V CU-500 (Corrections Meet and Confer Employees), the salary schedule will receive a 3% general increase, effective July 1, 1997. In addition to the 3% general increase for July 1, 1998, a \$50 increase shall be applied prior to the general increase. Effective July 1, 1999, the salary schedules shall receive a 3% across-the-board increase.
A new salary schedule for July, 1999 shall be established for the Corrections maximum security institutions with this schedule receiving a \$50 a month adjustment in addition to the general wage increase.
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Date Filed in Agency's Principle Office: December 4, 1997
- 10) Is this Rule in compliance with Section 5-50 of the Illinois Administrative Procedure Act? Yes
- 11) Are there any proposed amendments pending to this Part? Yes

| Section Numbers | Proposed Action | Ill. Reg. Citation |
|-----------------|-----------------|---|
| 310.110 | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310.130 | Amended | Ill. Reg. 9923 21 Ill. Reg. 9923 (August 1, 1997) |

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF PEREMPTORY AMENDMENT

| | | |
|-----------------|---------|--|
| 310.290 | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310.450 | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310.530 | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310.540 | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310. Appendix B | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310. Appendix C | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310. Appendix D | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310. Appendix G | Amended | 21 Ill. Reg. 9923 (August 1, 1997) |
| 310. Appendix D | Amended | 21 Ill. Reg. 12803 (September 19, 1997) |
| 310. Appendix G | Amended | 21 Ill. Reg. 12803 (September 19, 1997) |
| 310.230 | Amended | 21 Ill. Reg. 14648 (November 14, 1997) |
| 310.270 | Amended | 21 Ill. Reg. 14648 (November 14, 1997) |
| 310.280 | Amended | 21 Ill. Reg. 14648 (November 14, 1997) |

12) Statement of Statewide Objectives: These amendments to the Pay Plan pertain only to State employees subject to the Personnel Code and do not set out any guidelines that are to be followed by local or other jurisdictional bodies within the State.

13) The name, address and telephone number of the person to whom information and questions concerning this peremptory rule shall be directed to:

Mr. Michael Murphy
Department of Central Management Services
Division of Technical Services
504 William G. Stratton Building
Springfield, Illinois 62706
(217) 782-5601

The full text of the Peremptory Amendment begins on the next page:

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF PEREMPTORY AMENDMENT

TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES
SUBTITLE B: PERSONNEL RULES, PAY PLANS, AND
POSITION CLASSIFICATIONS

CHAPTER I: DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

PART 310
PAY PLAN

SUBPART A: NARRATIVE

| | |
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| 310.30 | Pay Schedules |
| 310.40 | Definitions |
| 310.50 | Conversion of Base Salary to Pay Period Units |
| 310.60 | Conversion of Base Salary to Daily or Hourly Equivalents |
| 310.70 | Increases in Pay |
| 310.80 | Decreases in Pay |
| 310.90 | Other Pay Provisions |
| 310.100 | Implementation of Pay Plan Changes for Fiscal Year 1997 |
| 310.110 | Interpretation and Application of Pay Plan |
| 310.120 | Effective Date |
| 310.130 | Reinstitution of Within Grade Salary Increases |
| 310.140 | Fiscal Year 1985 Pay Changes in Schedule of Salary Grades, Effective July 1, 1984 (Repealed) |
| 310.150 | |

SUBPART B: SCHEDULE OF RATES

| | |
|---------|--|
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| 310.210 | Negotiated Rate |
| 310.220 | Part-Time Daily or Hourly Special Services Rate |
| 310.230 | Hourly Rate |
| 310.240 | Member, Patient and Inmate Rate |
| 310.250 | Trainee Rate |
| 310.260 | Legislated and Contracted Rate |
| 310.270 | Designated Rate |
| 310.280 | Out-of-State or Foreign Service Rate |
| 310.290 | Educator Schedule for RC-063 and HR-010 |
| 310.300 | Physician Specialist Rate |
| 310.310 | Annual Compensation Ranges for Executive Director and Assistant Executive Director, State Board of Elections |
| 310.320 | Excluded Classes Rate (Repealed) |
| 310.330 | |

SUBPART C: MERIT COMPENSATION SYSTEM

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| | |
|---------|--|
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| 310.420 | Responsibilities |
| 310.430 | Merit Compensation Salary Schedule |
| 310.440 | Procedures for Determining Annual Merit Increases |
| 310.450 | Intermittent Merit Increase |
| 310.455 | Merit Zone (Repealed) |
| 310.456 | Other Pay Increases |
| 310.460 | Adjustment |
| 310.470 | Decreases in Pay |
| 310.480 | Other Pay Provisions |
| 310.490 | Broad-Band Pay Range Classes |
| 310.495 | Definitions |
| 310.500 | Conversion of Base Salary to Pay Period Units |
| 310.510 | Conversion of Base Salary to Daily or Hourly Equivalents |
| 310.520 | Implementation |
| 310.530 | Annual Merit Increase Guidechart for Fiscal Year 1997 |
| 310.540 | Fiscal Year 1985 Pay Changes in Merit Compensation System, effective July 1, 1984 (Repealed) |
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| | |
|------------|--|
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|------------|---|
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AUTHORITY: Implementing and authorized by Sections 8 and 8a of the Personnel Code [20 ILCS 415/8 and 8a].

SOURCE: Filed June 28, 1967; codified at 8 Ill. Reg. 1558; emergency amendment at 8 Ill. Reg. 1990, effective January 31, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 2440, effective February 15, 1984; emergency amendment at 8 Ill. Reg. 3348, effective March 5, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 4249, effective March 16, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 5704, effective April 16, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 7290, effective May 11, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 11299, effective June 25, 1984; emergency amendment at 8 Ill. Reg. 12616, effective July 1, 1984, for a maximum of 150 days; emergency amendment at 8 Ill. Reg. 15007, effective August 6, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 15367, effective August 13, 1984; emergency amendment at 8 Ill. Reg. 21310, effective October 10, 1984, for a maximum of 150 days; amended at 8 Ill. Reg. 21544, effective October 24, 1984; amended at 8 Ill. Reg. 22844, effective November 14, 1984; emergency amendment at 9 Ill. Reg. 1134, effective January 16, 1985, for a maximum of 150 days; amended at 9 Ill. Reg. 1320, effective January 23, 1985; amended at 9 Ill. Reg. 3681, effective March 12, 1985; emergency amendment at 9 Ill. Reg. 4163, effective March 15, 1985, for a maximum of 150 days; emergency amendment at 9 Ill. Reg. 9231, effective May 31, 1985, for a maximum of 150 days; amended at 9 Ill. Reg. 9420, effective June 7, 1985; amended at 9 Ill. Reg. 10663, effective July 1, 1985; emergency amendment at 9 Ill. Reg. 15043, effective September 24, 1985, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 3325, effective January 22, 1986; amended at 10 Ill. Reg. 3230, effective January 24, 1986; emergency amendment at 10 Ill. Reg. 8904, effective May 13, 1986, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 8928, effective May 13, 1986; emergency amendment at 10 Ill. Reg. 12090, effective June 30, 1986, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 13675, effective July 31, 1986; peremptory amendment at 10 Ill. Reg. 14867, effective August 26, 1986; amended at 10 Ill. Reg. 15567, effective September 17, 1986; emergency amendment at 10 Ill. Reg. 17765, effective September 30, 1986, for a maximum of 150 days; peremptory amendment at 10 Ill. Reg. 19132, effective October 28, 1986; peremptory amendment at 10 Ill. Reg. 21097, effective December 9, 1986; amended at 11 Ill. Reg. 648, effective December 22, 1986; peremptory amendment at 11 Ill. Reg.

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3363, effective February 3, 1987; peremptory amendment at 11 Ill. Reg. 4388, effective February 27, 1987; peremptory amendment at 11 Ill. Reg. 6291, effective March 23, 1987; amended at 11 Ill. Reg. 5901, effective March 24, 1987; emergency amendment at 11 Ill. Reg. 8787, effective April 15, 1987, for a maximum of 150 days; emergency amendment at 11 Ill. Reg. 11830, effective July 1, 1987, for a maximum of 150 days; peremptory amendment at 11 Ill. Reg. 13675, effective July 29, 1987; amended at 11 Ill. Reg. 14984, effective August 27, 1987; peremptory amendment at 11 Ill. Reg. 15273, effective September 1, 1987; peremptory amendment at 11 Ill. Reg. 17919, effective October 19, 1987; peremptory amendment at 11 Ill. Reg. 19812, effective November 19, 1987; emergency amendment at 11 Ill. Reg. 20664, effective December 4, 1987, for a maximum of 150 days; amended at 11 Ill. Reg. 20778, effective December 11, 1987; peremptory amendment at 12 Ill. Reg. 3811, effective January 27, 1988; peremptory amendment at 12 Ill. Reg. 5459, effective March 3, 1988; amended at 12 Ill. Reg. 6073, effective March 21, 1988; peremptory amendment at 12 Ill. Reg. 7783, effective April 14, 1988; emergency amendment at 12 Ill. Reg. 7734, effective April 15, 1988, for a maximum of 150 days; peremptory amendment at 12 Ill. Reg. 8135, effective April 22, 1988; peremptory amendment at 12 Ill. Reg. 9745, effective May 23, 1988; emergency amendment at 12 Ill. Reg. 11778, effective July 1, 1988, for a maximum of 150 days; emergency amendment at 12 Ill. Reg. 12895, effective July 18, 1988, for a maximum of 150 days; peremptory amendment at 12 Ill. Reg. 13306, effective July 27, 1988; corrected at 12 Ill. Reg. 13359; amended at 12 Ill. Reg. 14630, effective September 6, 1988; amended at 12 Ill. Reg. 20449, effective November 28, 1988; peremptory amendment at 12 Ill. Reg. 20584, effective November 28, 1988; peremptory amendment at 13 Ill. Reg. 8080, effective May 10, 1989; amended at 13 Ill. Reg. 8849, effective May 30, 1989; peremptory amendment at 13 Ill. Reg. 8970, effective May 26, 1989; emergency amendment at 13 Ill. Reg. 10967, effective June 20, 1989, for a maximum of 150 days; emergency amendment expired on November 17, 1989; amended at 13 Ill. Reg. 11451, effective June 28, 1989; emergency amendment at 13 Ill. Reg. 11854, effective July 1, 1989, for a maximum of 150 days; corrected at 13 Ill. Reg. 12647; peremptory amendment at 13 Ill. Reg. 12887, effective July 24, 1989; amended at 13 Ill. Reg. 16950, effective October 20, 1989; amended at 13 Ill. Reg. 19221, effective December 12, 1989; amended at 14 Ill. Reg. 615, effective January 2, 1990; peremptory amendment at 14 Ill. Reg. 1627, effective January 11, 1990; amended at 14 Ill. Reg. 4455, effective March 12, 1990; peremptory amendment at 14 Ill. Reg. 7652, effective May 7, 1990; amended at 14 Ill. Reg. 10002, effective June 11, 1990; emergency amendment at 14 Ill. Reg. 11330, effective June 29, 1990, for a maximum of 150 days; amended at 14 Ill. Reg. 14361, effective August 24, 1990; emergency amendment at 14 Ill. Reg. 15570, effective September 11, 1990, for a maximum of 150 days; emergency amendment expired on February 8, 1991; corrected at 14 Ill. Reg. 16092; peremptory amendment at 14 Ill. Reg. 17098, effective September 26, 1990; amended at 14 Ill. Reg. 17189, effective October 2, 1990; amended at 14 Ill. Reg. 17189, effective October 19, 1990; amended at 14 Ill. Reg. 18719, effective November 13, 1990; peremptory amendment at 14 Ill. Reg. 18854, effective November 13, 1990; peremptory amendment at 15 Ill. Reg. 663, effective January 7, 1991; amended at 15 Ill. Reg. 3296, effective February 14,

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1991; amended at 15 Ill. Reg. 4401, effective March 11, 1991; peremptory amendment at 15 Ill. Reg. 5100, effective March 20, 1991; peremptory amendment at 15 Ill. Reg. 5465, effective April 2, 1991; emergency amendment at 15 Ill. Reg. 10485, effective July 1, 1991, for a maximum of 150 days; amended at 15 Ill. Reg. 11080, effective July 19, 1991; amended at 15 Ill. Reg. 13080, effective August 21, 1991; amended at 15 Ill. Reg. 14210, effective September 23, 1991; emergency amendment at 16 Ill. Reg. 711, effective December 26, 1991, for a maximum of 150 days; amended at 16 Ill. Reg. 3450, effective February 20, 1992; peremptory amendment at 16 Ill. Reg. 5068, effective March 11, 1992; peremptory amendment at 16 Ill. Reg. 7056, effective April 20, 1992; emergency amendment at 16 Ill. Reg. 8239, effective May 19, 1992, for a maximum of 150 days; amended at 16 Ill. Reg. 8382, effective May 26, 1992; emergency amendment at 16 Ill. Reg. 13950, effective August 19, 1992, for a maximum of 150 days; emergency amendment at 16 Ill. Reg. 14452, effective September 4, 1992, for a maximum of 150 days; amended at 17 Ill. Reg. 238, effective December 23, 1992; peremptory amendment at 17 Ill. Reg. 498, effective December 18, 1992; amended at 17 Ill. Reg. 590, effective January 4, 1993; amended at 17 Ill. Reg. 1819, effective February 2, 1993; amended at 17 Ill. Reg. 6441, effective April 8, 1993; emergency amendment at 17 Ill. Reg. 12900, effective July 22, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 13409, effective July 29, 1993; emergency amendment at 17 Ill. Reg. 13789, effective August 9, 1993, for a maximum of 150 days; emergency amendment at 17 Ill. Reg. 14666, effective August 26, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 19103, effective October 25, 1993; emergency amendment at 17 Ill. Reg. 21858, effective December 1, 1993, for a maximum of 150 days; amended at 17 Ill. Reg. 22514, effective December 15, 1993; amended at 18 Ill. Reg. 227, effective December 17, 1993; amended at 18 Ill. Reg. 1107, effective January 18, 1994; amended at 18 Ill. Reg. 5146, effective March 21, 1994; peremptory amendment at 18 Ill. Reg. 9562, effective June 13, 1994; emergency amendment at 18 Ill. Reg. 11299, effective July 1, 1994, for a maximum of 150 days; peremptory amendment at 18 Ill. Reg. 13476, effective August 17, 1994; emergency amendment at 18 Ill. Reg. 14417, effective September 9, 1994, for a maximum of 150 days; amended at 18 Ill. Reg. 16545, effective October 31, 1994; peremptory amendment at 18 Ill. Reg. 16708, effective October 28, 1994; amended at 18 Ill. Reg. 17191, effective November 21, 1994; amended at 19 Ill. Reg. 1024, effective January 24, 1995; peremptory amendment at 19 Ill. Reg. 2481, effective February 17, 1995; peremptory amendment at 19 Ill. Reg. 3073, effective February 17, 1995; amended at 19 Ill. Reg. 3456, effective March 7, 1995; peremptory amendment at 19 Ill. Reg. 5145, effective March 14, 1995; amended at 19 Ill. Reg. 6452, effective May 2, 1995; peremptory amendment at 19 Ill. Reg. 6688, effective May 1, 1995; amended at 19 Ill. Reg. 7841, effective June 1, 1995; amended at 19 Ill. Reg. 8156, effective June 12, 1995; amended at 19 Ill. Reg. 9096, effective June 27, 1995; emergency amendment at 19 Ill. Reg. 11954, effective August 1, 1995, for a maximum of 150 days; peremptory amendment at 19 Ill. Reg. 13979, effective September 19, 1995; peremptory amendment at 19 Ill. Reg. 15103, effective October 12, 1995; amended at 19 Ill. Reg. 16160, effective November 28, 1995; amended at 20 Ill. Reg. 308, effective December 22, 1995; emergency amendment at 20 Ill. Reg. 4060, effective February 27,

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1996, for a maximum of 150 days; peremptory amendment at 20 Ill. Reg. 6334, effective April 22, 1996; peremptory amendment at 20 Ill. Reg. 7434, effective May 14, 1996; amended at 20 Ill. Reg. 8301, effective June 11, 1996; amended at 20 Ill. Reg. 8657, effective June 20, 1996; amended at 20 Ill. Reg. 9006, effective June 26, 1996; amended at 20 Ill. Reg. 9925, effective July 10, 1996; emergency amendment at 20 Ill. Reg. 10213, effective July 15, 1996, for a maximum of 150 days; amended at 20 Ill. Reg. 10841, effective August 5, 1996; peremptory amendment at 20 Ill. Reg. 13408, effective September 24, 1996; amended at 20 Ill. Reg. 15018, effective November 7, 1996; peremptory amendment at 20 Ill. Reg. 15092, effective November 7, 1996; emergency amendment at 21 Ill. Reg. 1023, effective January 6, 1997, for a maximum of 150 days; amended at 21 Ill. Reg. 1629, effective January 22, 1997; amended at 21 Ill. Reg. 5144, effective April 15, 1997; amended at 21 Ill. Reg. 6444, effective May 15, 1997; amended at 21 Ill. Reg. 7118, effective June 3, 1997; emergency amendment at 21 Ill. Reg. 10061, effective July 21, 1997, for a maximum of 150 days; emergency amendment at 21 Ill. Reg. 12859, effective September 8, 1997, for a maximum of 150 days; peremptory amendment at 21 Ill. Reg. 14267, effective October 14, 1997; peremptory amendment at 21 Ill. Reg. 14589, effective October 15, 1997; peremptory amendment at 22 Ill. Reg. 15030, effective November 10, 1997; amended at 21 Ill. Reg. 5, effective December 8, 1997; peremptory amendment at 22 Ill. Reg. _____, effective _____.

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Section 310 APPENDIX A Negotiated Rates of Pay

Section 310 TABLE V CU-500 (Corrections Meet and Confer Employees)

Effective-July-17-1994

| | 1a | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|----------------------------|------|------|------|------|------|------|------|------|
| COMMISSARY-MANAGER-II | 1599 | 1647 | 1710 | 1771 | 1830 | 1897 | 1962 | 2066 |
| CORRECTIONS-LIBERTYMANANT | 2373 | 2444 | 2561 | 2680 | 2792 | 2906 | 3024 | 3204 |
| CORRECTIONS-CLERK-III | 2262 | 2330 | 2430 | 2549 | 2655 | 2766 | 2877 | 3047 |
| CORRECTIONS-FOOD-SERVICES | 2501 | 2576 | 2702 | 2827 | 2955 | 3077 | 3199 | 3389 |
| SUPERVISOR-III | | | | | | | | |
| CORRECTIONS-IDENTIFICATION | 2373 | 2444 | 2561 | 2680 | 2792 | 2906 | 3024 | 3204 |
| SUPERVISOR | | | | | | | | |
| CORRECTIONS-INDUSTRY | 2501 | 2576 | 2702 | 2827 | 2955 | 3077 | 3199 | 3389 |
| SUPERVISOR | | | | | | | | |
| CORRECTIONS-BAUNDARY | 2373 | 2444 | 2561 | 2680 | 2792 | 2906 | 3024 | 3204 |
| MANAGER-II | | | | | | | | |
| CORRECTIONS-MAINTENANCE | 2262 | 2330 | 2430 | 2549 | 2655 | 2766 | 2877 | 3047 |
| SUPERVISOR | | | | | | | | |
| CORRECTIONS-RESIDENT | 2262 | 2330 | 2430 | 2549 | 2655 | 2766 | 2877 | 3047 |
| COUNSELOR-II | | | | | | | | |
| CORRECTIONS-SUPPLY | 2501 | 2576 | 2702 | 2827 | 2955 | 3077 | 3199 | 3389 |
| SUPERVISOR-III | | | | | | | | |
| PROPERTY-AND-SUPPLY | 1599 | 1647 | 1710 | 1771 | 1830 | 1897 | 1962 | 2066 |
| CLERK-III | | | | | | | | |
| STOREKEEPER-III | 1967 | 2026 | 2112 | 2202 | 2291 | 2378 | 2469 | 2604 |
| YOUTH-SUPERVISOR-IV | 2373 | 2444 | 2561 | 2680 | 2792 | 2906 | 3024 | 3204 |

NOTE:--Effective-July-17-1994, the Step-7 rate shall be increased by \$25.00 per month for those employees who have attained 10 years of continuous service and have 3 years of creditable service on Step 3 in the same pay grade.

Also, effective July 17, 1994, the Step-7 rate shall be increased by \$50.00 per month for those employees who have attained 15 years of continuous service and have 3 years of creditable service on Step 7 in the same pay grade.

Effective-July-17-1994

| | 1a | 1 | 2 | 3 |
|---------------------------|------|------|------|------|
| COMMISSARY-MANAGER-II | 1599 | 1647 | 1710 | 1824 |
| CORRECTIONS-LIBERTYMANANT | 2373 | 2444 | 2517 | 2630 |
| CORRECTIONS-CLERK-III | 2262 | 2330 | 2400 | 2511 |
| CORRECTIONS-FOOD-SERVICE | 2501 | 2576 | 2653 | 2763 |

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| | | | | | |
|-------------------------------|------|------|------|------|------|
| SUPERVISOR-III | 2373 | 2444 | 2517 | 2638 | 2760 |
| CORRECTIONS-IDENTIFICATION | | | | | |
| SUPERVISOR | | | | | |
| CORRECTIONS-INDUSTRY | 2501 | 2576 | 2653 | 2703 | 2812 |
| SUPERVISOR | 2373 | 2444 | 2517 | 2638 | 2760 |
| CORRECTIONAL-BAUNDRY-MANAGER | | | | | |
| II | | | | | |
| CORRECTIONS-MAINTENANCE | 2262 | 2330 | 2400 | 2511 | 2625 |
| SUPERVISOR | | | | | |
| CORRECTIONS-RESIDENCE | 2262 | 2330 | 2400 | 2511 | 2625 |
| COUNSELOR-II | | | | | |
| CORRECTIONS-SUPPLY-SUPERVISOR | 2501 | 2576 | 2653 | 2703 | 2812 |
| III | | | | | |
| PROPERTY-AND-SUPPLY-CLERK-III | 1599 | 1647 | 1696 | 1761 | 1824 |
| STOREKEEPER-III | 1967 | 2026 | 2087 | 2175 | 2268 |
| YOUTH-SUPERVISOR-IV | 2373 | 2444 | 2517 | 2638 | 2760 |
| S-W-B-P-S | | | | | |
| | 4 | 5 | 6 | 7 | |
| | 1893 | 1954 | 2021 | 2120 | |
| | 2076 | 2093 | 2115 | 2300 | |
| | 2735 | 2849 | 2963 | 3130 | |
| | 3044 | 3169 | 3295 | 3491 | |
| | 2876 | 2993 | 3115 | 3300 | |
| | 3044 | 3169 | 3295 | 3491 | |
| | 2735 | 2849 | 2963 | 3130 | |
| | 2876 | 2993 | 3115 | 3300 | |
| | 3044 | 3169 | 3295 | 3491 | |
| | 1893 | 1954 | 2021 | 2120 | |
| | 2076 | 2093 | 2115 | 2300 | |

Effective-August-27-1995

| | | | | | |
|------------------------|------|------|------|------|---|
| S-W-B-P-S | | | | | |
| | 1a | 2 | 3 | | |
| Correctional-Casework | 2786 | 2956 | 3104 | 3250 | |
| Supervisor | | | | | |
| | 4 | 5 | 6 | 7 | |
| | 3404 | 3550 | 3697 | 3823 | |
| Effective-July-17-1996 | | | | | |
| | 1a | 1b | 1c | 1d | 2 |
| | | | | | |

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| | | | | | |
|---------------------------------|------|------|------|------|------|
| COMMISSARY-MANAGER-II | 1599 | 1647 | 1696 | 1747 | 1814 |
| Correctional-Casework | 2786 | 2970 | 2956 | 3045 | 3197 |
| Supervisor | | | | | |
| CORRECTIONAL-IDENTIFICATION | | | | | |
| SUPERVISOR | 2501 | 2576 | 2653 | 2733 | 2866 |
| CORRECTIONS-INDUSTRY | 2262 | 2330 | 2400 | 2472 | 2506 |
| CORRECTIONS-FOOD-SERVICE | 2501 | 2576 | 2653 | 2733 | 2866 |
| SUPERVISOR-III | | | | | |
| CORRECTIONS-IDENTIFICATION | | | | | |
| SUPERVISOR | 2373 | 2444 | 2517 | 2593 | 2717 |
| CORRECTIONS-INDUSTRY-SUPERVISOR | | | | | |
| CORRECTIONAL-BAUNDRY-MANAGER | 2501 | 2576 | 2653 | 2733 | 2866 |
| II | | | | | |
| CORRECTIONS-MAINTENANCE | 2262 | 2330 | 2400 | 2472 | 2506 |
| SUPERVISOR | | | | | |
| CORRECTIONS-RESIDENCE | 2262 | 2330 | 2400 | 2472 | 2506 |
| COUNSELOR-II | | | | | |
| CORRECTIONS-SUPPLY-SUPERVISOR | 2501 | 2576 | 2653 | 2733 | 2866 |
| III | | | | | |
| PROPERTY-AND-SUPPLY-CLERK-III | 1599 | 1647 | 1696 | 1747 | 1814 |
| STOREKEEPER-III | 1967 | 2026 | 2087 | 2150 | 2240 |
| YOUTH-SUPERVISOR-IV | 2501 | 2576 | 2653 | 2733 | 2866 |
| S-W-B-P-S | | | | | |
| | 3 | 4 | 5 | 6 | 7 |
| | 1879 | 1950 | 2013 | 2082 | 2192 |
| | 3340 | 3506 | 3657 | 3808 | 4041 |
| | 2999 | 3135 | 3264 | 3394 | 3596 |
| | 2704 | 2817 | 2934 | 3052 | 3232 |
| | 2999 | 3135 | 3264 | 3394 | 3596 |
| | 2043 | 2162 | 2283 | 2400 | 2599 |
| | 2999 | 3135 | 3264 | 3394 | 3596 |
| | 2043 | 2162 | 2283 | 2400 | 2599 |
| | 2704 | 2817 | 2934 | 3052 | 3232 |
| | 2999 | 3135 | 3264 | 3394 | 3596 |
| | 1879 | 1950 | 2013 | 2082 | 2192 |
| | 2999 | 3135 | 3264 | 3394 | 3596 |

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| | S T E P S | | |
|---------------------------------|-----------|------|------|
| | 1a | 1b | 2 |
| Commissary Manager II | 1647 | 1696 | 1868 |
| Correctional Casework | 2870 | 2956 | 3293 |
| Supervisor | | | |
| Correctional Lieutenant | 2576 | 2653 | 2952 |
| Corrections Clerk III | 2330 | 2400 | 2664 |
| Corrections Food Service | 2576 | 2653 | 2952 |
| Supervisor III | | | |
| Corrections Identification | 2444 | 2517 | 2799 |
| Supervisor | | | |
| Corrections Industry Supervisor | 2576 | 2653 | 2952 |
| Correctional Laundry Manager | 2444 | 2517 | 2799 |
| II | | | |
| Corrections Maintenance | 2330 | 2400 | 2664 |
| Supervisor | | | |
| Corrections Residence | 2330 | 2400 | 2664 |
| Counselor II | | | |
| Corrections Supply Supervisor | 2576 | 2653 | 2952 |
| III | | | |
| Property And Supply Clerk III | 1647 | 1696 | 1868 |
| Storekeeper III | 2026 | 2087 | 2307 |
| Youth Supervisor IV | 2576 | 2653 | 2952 |
| | S T E P S | | |
| | 3 | 4 | 7 |
| | 1935 | 2009 | 2258 |
| | 3448 | 3611 | 4162 |
| | 3089 | 3229 | 3704 |
| | 2785 | 2902 | 3329 |
| | 3089 | 3229 | 3704 |
| | 2928 | 3051 | 3501 |
| | 2928 | 3051 | 3501 |
| | 2785 | 2902 | 3329 |
| | 2785 | 2902 | 3329 |
| | 3089 | 3229 | 3704 |
| | 1935 | 2009 | 2258 |
| | 2406 | 2504 | 2851 |
| | 3089 | 3229 | 3704 |

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| | S T E P S | | |
|---------------------------------|-----------|------|------|
| | 1a | 1b | 2 |
| Commissary Manager II | 1747 | 1798 | 1904 |
| Correctional Casework | 3008 | 3096 | 3282 |
| Supervisor | | | |
| Correctional Lieutenant | 2705 | 2784 | 2951 |
| Corrections Clerk III | | | |
| Corrections Food Service | 2705 | 2784 | 2951 |
| Supervisor III | | | |
| Corrections Identification | 2569 | 2644 | 2803 |
| Supervisor | | | |
| Corrections Industry Supervisor | 2705 | 2784 | 2951 |
| Correctional Laundry Manager | 2569 | 2644 | 2803 |
| II | | | |
| Corrections Maintenance | 2451 | 2524 | 2674 |
| Supervisor | | | |
| Corrections Residence | 2451 | 2524 | 2674 |
| Counselor II | | | |
| Corrections Supply Supervisor | 2705 | 2784 | 2951 |
| III | | | |
| Property and Supply Clerk III | 1748 | 1798 | 1904 |
| Storekeeper III | 2138 | 2201 | 2333 |
| Youth Supervisor IV | 2705 | 2784 | 2951 |
| | S T E P S | | |
| | 3 | 4 | 7 |
| | 2045 | 2121 | 2260 |
| | 3603 | 3771 | 4091 |
| | 3233 | 3377 | 3652 |
| | | | |
| | 3233 | 3377 | 3652 |
| | 3067 | 3194 | 3455 |
| | 3233 | 3377 | 3652 |
| | 3067 | 3194 | 3455 |
| | 2920 | 3041 | 3290 |
| | 2920 | 3041 | 3290 |
| | 3233 | 3377 | 3652 |
| | 3067 | 3194 | 3455 |
| | 3233 | 3377 | 3652 |
| | 2045 | 2121 | 2260 |
| | 2530 | 2631 | 2830 |
| | 3233 | 3377 | 3652 |

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF PEREMPTORY AMENDMENT

Effective July 1, 1999

| | S T E P S | | | |
|---|-----------|------|------|------|
| | 1a | 1b | 1c | 2 |
| Commissary Manager II | 1907 | 1852 | 1800 | 2035 |
| Correctional Casework Supervisor | 3284 | 3189 | 3098 | 3546 |
| Correctional Lieutenant | 2952 | 2868 | 2786 | 3185 |
| Corrections Clerk III | 2676 | 2600 | 2525 | 2879 |
| Corrections Food Service Supervisor III | 2952 | 2868 | 2786 | 3185 |
| Corrections Identification Supervisor | 2804 | 2723 | 2646 | 3022 |
| Corrections Industry Supervisor | 2952 | 2868 | 2786 | 3185 |
| Correctional Laundry Manager II | 2804 | 2723 | 2646 | 3022 |
| Corrections Maintenance Supervisor | 2676 | 2600 | 2525 | 2879 |
| Corrections Residence Counselor II | 2676 | 2600 | 2525 | 2879 |
| Corrections Supply Supervisor III | 2952 | 2868 | 2786 | 3185 |
| Property And Supply Clerk III | 1907 | 1852 | 1800 | 2035 |
| Storekeeper III | 2334 | 2267 | 2202 | 2501 |
| Youth Supervisor IV | 2952 | 2868 | 2786 | 3185 |
| | S T E P S | | | |
| | 5 | 4 | 3 | 7 |
| | 2253 | 2185 | 2106 | 2448 |
| | 4050 | 3884 | 3711 | 4468 |
| | 3619 | 3478 | 3330 | 3983 |
| | 3259 | 3132 | 3008 | 3584 |
| | 3619 | 3478 | 3330 | 3983 |
| | 3422 | 3290 | 3159 | 3768 |
| | 3619 | 3478 | 3330 | 3983 |
| | 3422 | 3290 | 3159 | 3768 |
| | 3259 | 3132 | 3008 | 3584 |
| | 3619 | 3478 | 3330 | 3983 |
| | 2253 | 2185 | 2106 | 2448 |
| | 2809 | 2710 | 2606 | 3078 |
| | 3619 | 3478 | 3330 | 3983 |

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

NOTICE OF PEREMPTORY AMENDMENT

Maximum Security Institutions Schedule

Effective July 1, 1999

| | S T E P S | | | |
|---|-----------|------|------|------|
| | 1a | 1b | 1c | 2 |
| Commissary Manager II | 2016 | 1959 | 1906 | 2148 |
| Correctional Casework Supervisor | 3434 | 3336 | 3242 | 3704 |
| Correctional Lieutenant | 3092 | 3006 | 2921 | 3332 |
| Corrections Clerk III | 2808 | 2730 | 2652 | 3017 |
| Corrections Food Service Supervisor III | 3092 | 3006 | 2921 | 3332 |
| Corrections Identification Supervisor | 2940 | 2856 | 2777 | 3164 |
| Corrections Industry Supervisor | 3092 | 3006 | 2921 | 3332 |
| Correctional Laundry Manager II | 2940 | 2856 | 2777 | 3164 |
| Corrections Maintenance Supervisor | 2808 | 2730 | 2652 | 3017 |
| Corrections Residence Counselor II | 2808 | 2730 | 2652 | 3017 |
| Corrections Supply Supervisor III | 3092 | 3006 | 2921 | 3332 |
| Property And Supply Clerk III | 2016 | 1959 | 1906 | 2148 |
| Storekeeper III | 2456 | 2387 | 2320 | 2628 |
| Youth Supervisor IV | 3092 | 3006 | 2921 | 3332 |
| | S T E P S | | | |
| | 5 | 4 | 3 | 7 |
| | 2372 | 2302 | 2221 | 2573 |
| | 4223 | 4052 | 3874 | 4654 |
| | 3779 | 3634 | 3481 | 4154 |
| | 3408 | 3277 | 3150 | 3743 |
| | 3779 | 3634 | 3481 | 4154 |
| | 3576 | 3440 | 3305 | 3933 |
| | 3779 | 3634 | 3481 | 4154 |
| | 3576 | 3440 | 3305 | 3933 |
| | 3408 | 3277 | 3150 | 3743 |
| | 3779 | 3634 | 3481 | 4154 |
| | 2372 | 2302 | 2221 | 2573 |
| | 2945 | 2843 | 2736 | 3222 |
| | 3779 | 3634 | 3481 | 4154 |

(Source: Peremptory amendment at 21 Ill. Reg. _____, effective _____)

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

1. Statute requiring agency to publish information concerning Private Letter Rulings in the *Illinois Register*:

Name of Act: Illinois Department of Revenue Sunshine Act

Citation: 20 ILCS 2515/1 et seq.

2. Summary of information:

Index of Department of Revenue income tax Private Letter Rulings and General Information Letters issued for the Third Quarter of 1997. Private letter rulings are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. Private letter rulings are binding on the Department only as to the taxpayer who is the subject of the request for ruling. (See 86 Ill. Adm. Code 1200.110) General information letters are issued by the Department in response to written inquiries from taxpayers, taxpayer representatives, business, trade, industrial associations or similar groups. General information letters contain general discussions of tax principles or applications. General information letters are designed to provide general background information on topics of interest to taxpayers. General information letters do not constitute statements of agency policy that apply, interpret, or prescribe tax laws administered by the Department. *General information letters may not be relied upon by taxpayers in taking positions with reference to tax issues and create no rights for taxpayers under the Taxpayers' Bill of Rights Act.* (See 86 Ill. Adm. Code 1200.120)

The letters are listed numerically, are identified as either a General Information Letter or a Private Letter Ruling and are summarized with a brief synopsis under the following subjects:

| | |
|--------------------------------|--------------------------------------|
| Addition Modifications | Property Factor |
| Bond Premium Amortization | Sales Factor |
| Dividends | Transportation Services |
| Interest | Other Rulings |
| Net Operating Loss | (Not Included Above) |
| Zero Coupon Bonds | Assessment |
| Other Rulings | Bankruptcy |
| (Not Included Above) | Base Income |
| Administrative Review | (Also See Addition Modifications, |
| Allocation | Fringe Benefits, Subtraction Modifi- |
| (For Alternative Apportionment | cations) |
| Rulings, See that heading) | Books and Records |
| Alternative Apportionment | Bulk Sales: See Sales Outside the |
| Amnesty | Ordinary Course of Business (Bulk |
| Apportionment | Sales) |
| Financial Organizations | Business Income |
| Insurance Companies | Capital Gains (Losses) |

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

| | |
|--------------------------------------|--|
| Payroll Factor | Farmer's: See Estimated Tax |
| (Also See Subtraction Modifications | Federal Returns |
| - Valuation Limitations) | Fiduciaries |
| Check Off Funds | Financial Organizations: See |
| Circuit Breaker | Apportionment |
| Claims for Refund: See Refunds | Foreclosure |
| Collection | Foreign Sales Corporations |
| Combined Unitary Return | (FSC's) |
| (Also See Unitary) | Foreign Tax: See Credits |
| Commercial Domicile | Foreign Trade Zones: See |
| Compensations | Subtraction Modifications, |
| Composite Returns | Credits--Jobs Tax |
| Confidentiality | Forms |
| Credits | Fraud: See Penalties |
| Coal Research and Utilization | Fringe Benefits |
| Credit for Replacement Tax | IRC Section 125 "Cafeteria" Plans |
| Paid | IRC Section 401(k) Plans |
| Credit for Residential Real | Other Rulings (Not Included Above) |
| Property Taxes | Gain (Loss): See Capital Gains |
| Enterprise Zone Investment | (Losses): Valuation Limitation |
| Foreign Tax | Information Reports |
| High Impact Business | Insurance Companies: See Apportionment |
| Investment | Interest Income |
| Jobs Tax | (Also See Addition Modifications, |
| Replacement Tax Investment | Subtraction Modifications) |
| Research and Development | Interest on Refunds and Deficiencies |
| Training Expense | IRC Section 338 |
| Other Rulings | Jeopardy: See Assessment |
| (Not Included Above) | Judicial Review |
| Deficiencies | Liens |
| Definitions | Limited Liability Companies |
| Domestic International Sales | Lottery |
| Corporations (DISCs) | Military |
| Elections: See Combined | (Also See Subtraction Modifications) |
| Unitary Return, Extensions, Unitary | Miscellaneous |
| Enterprise Zones | Modification Addition: See Addition |
| (Also See Credits, Subtraction Modi- | fications |
| fications) | Modification Subtraction: See Sub- |
| Erroneous Refund: See Refunds | traction Modifications |
| Estates | Mutual Funds: See Subtraction Modifi- |
| Estimated Tax | cations |
| Exempt Organizations | Net Income (Loss) and Net Loss |
| Exemptions | Deduction (ITA Section 207) |
| Extensions | Other Rulings |
| Failure to File: See Penalties | (Not Included Above) |
| Failure to Pay: See Penalties | Regulated Investment Companies |
| (Also See Base Income, Capital | Replacement Tax |
| Gains (Losses), Combined Unitary | |

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

Returns, Net Operating Loss and Net Operating Loss Deduction
 Net Operating Loss and Net Operating Loss Deduction
 Nexus: See Public Law 86-272/Nexus
 Nonbusiness Income
 Nonresidents: See
 Residency/Nonresidency
 Notice and Demand: See Notices
 Notices
 Nuclear Decommissioning
 Trusts
 Overpayments: See Refunds
 Partnerships
 Payments:
 Payroll Factor: See Apportionment
 Penalties
 Failure to File (IITA Section 1001)
 Failure to File Withholding
 Returns (IITA Section 1004)
 Failure to Pay (IITA Section 1002)
 Failure to Pay Estimated Tax
 (IITA Section 804)
 Fraud (IITA Section 1002)
 Reasonable Cause (IITA Section 1001)
 Underpayment of Tax (IITA Section 1005)
 Other Rulings
 (Not Included Above)
 Pensions
 (Also See Subtraction Modifications)
 Political Organizations
 Professional Athletes
 Property Factor: See Apportionment
 Property Tax: See Subtraction Modifications
 Protest
 Public Law 86-272/Nexus
 Rate of Tax
 Real Estate Investment Trusts
 Reasonable Cause: See Penalties
 Refunds (Also See Subtraction Modifications)
 Statute of Limitations
 Qualified Pension Plans
 Real Estate Taxes
 Subpart F Income
 Transportation Services
 Valuation Limitation

(Also See Credits)
 Requirements of Requests for
 General Information Letters
 Requirements of Requests for
 Private Letter Rulings
 Residency/Nonresidency
 Returns
 (For Combined Unitary Return and Composite Return Rulings, See Those Headings)
 Amended Returns
 Due Dates
 Requirements to File
 Short Period Returns
 Other Rulings
 (Not Included Above)
 S Corporations
 Sales Factor: See Apportionment
 Sales Outside the Ordinary Course of Business (Bulk Sales)
 Seizure
 Separate Accounting: See Alternative Apportionment
 Signature
 Specific Accounting
 Statute of Limitations: See Assessment, Collection, Deficiencies
 Refunds
 Subchapter "S" Corporations: See S Corporations
 Subpart F Income: See Subtraction Modifications
 Subtraction Modifications
 Bond Premium Amortization
 Enterprise and Foreign Trade Zones
 Illinois Tax Refund
 Interest on U.S. Government Obligations
 Military
 Money Market Mutual Funds
 Unitary
 (Also See Combined Unitary Return)
 U.S. Government Obligations: See Subtraction Modifications
 Valuation Limitation: See Subtraction Modifications
 Voluntary Disclosure Agreements

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

Other Rulings
 (Not Included Above)
 Taxability in Other States
 Taxable year
 Transferees
 (Also See Sales Outside the Ordinary Course of Business (Bulk Sales))
 Transportation Services: See Apportionment
 Trusts
 Uniform Penalty and Interest Act
 Waiver on Assessments: See Assessment
 Withholding
 Employee Benefits
 Exemptions
 Personal Service Contracts (IITA Section 1405.2)
 Reciprocal Agreements
 Other Rulings
 (Not Included Above)

Copies of the ruling letters themselves are available for inspection and may be purchased for a minimum of \$1.00 per opinion plus 50 cents per page for each page over one. Copies of the ruling letters may be downloaded free of charge from the Department's World Wide Web site at www.revenue.state.il.us.

The indexes of Income Tax letter rulings for 1990, 1991, 1992, 1993, 1994, 1995, and 1996 are available for \$3.00. A cumulative Income Tax Sunshine Index of 1981 through 1989 letter rulings may be purchased for \$4.00.

3. Name and address of person to contact concerning this information:

Margaret Forth
 Legal Services Office
 101 West Jefferson Street
 Springfield, Illinois 62794
 Telephone: (217) 782-6996

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

1997 THIRD QUARTER SUNSHINE INDEX

ALLOCATION

IT 97-0061-GIL 07/08/1997 General Information Letter: Section 301(a) of the Illinois Income Tax Act provides that all income received by an Illinois resident during a given taxable year is allocated to Illinois for that taxable year.

ALTERNATIVE APPORTIONMENT

IT 97-0069-GIL 08/04/1997 General Information Letter: The Department has promulgated procedures to be followed by taxpayers who wish to obtain permission to use an alternative method of apportioning their income under Section 304(f) of the IITA (See 86 Ill. Adm. Code 100.3390).

IT 97-0074-GIL 08/19/1997 General Information Letter: The petition was denied because it failed to provide any evidence regarding the amount of income apportioned to the State of Illinois under the usual method of apportionment, the extent of the petitioner's business activities in the State, nor the amount of income that would be apportioned to Illinois under the separate accounting method requested.

BASE INCOME

IT 97-0058-GIL 07/07/1997 General Information Letter: The starting point for calculating income subject to Illinois income taxation, in the case of an individual, is federal adjusted gross income.

IT-97-0067-GIL 07/30/1997 General Information Letter: The starting point for calculating income subject to Illinois taxation is a taxpayer's federal taxable income, in the case of a corporation.

COLLECTION

IT 97-0072-GIL 08/19/1997 General Information Letter: Section 1109 of the Illinois Income Tax Act states

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

1997 THIRD QUARTER SUNSHINE INDEX

that the Director may designate in writing the Department employees or officers who may levy upon the salary, wages, commissions and bonuses of certain taxpayers.

MISCELLANEOUS

IT 97-0068-GIL 08/04/1997 General Information Letter: Letter in response to letter from a tax protestor.

IT 97-0070-GIL 08/04/1997 General Information Letter: Response to arguments of a tax protestor.

IT 97-0071-GIL 08/06/1997 General Information Letter: Response to arguments of a tax protestor.

PARTNERSHIPS

IT 97-0075-GIL 08/20/1997 General Information Letter: The gain on the sale of a partnership interest must be classified as either business income or nonbusiness income. All income is business income unless clearly classifiable as nonbusiness income.

PUBLIC LAW 86-272/NEXUS

IT 97-0063-GIL 07/22/1997 General Information Letter: Pursuant to Public Law 86-272, and out-of-state corporation whose only activity within Illinois consists of the mere solicitation of orders for items of tangible personal property is not subject to Illinois income taxation if the orders are accepted or rejected outside of Illinois and if the orders are filled from inventories maintained outside of Illinois and are shipped or delivered to customers in Illinois from those inventories.

IT 97-0064-GIL 07/24/1997 General Information Letter: General discussion of nexus principles.

RETURNS - REQUIREMENTS TO FILE

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

1997 THIRD QUARTER SUNSHINE INDEX

IT 97-0060-GIL 07/08/1997 General Information Letter: A subchapter S corporation must file a return with the State of Illinois if it has net income or loss as defined under the Illinois Income Tax Act or is qualified to do business in the State of Illinois and is required to file a U.S. form 1120S, regardless of net income or loss.

S CORPORATIONS

IT 97-0077-GIL 09/15/1997 General Information Letter: Section 203(e)(2)(G) of the Illinois Income Tax Act sets forth the definition of taxable income for an S corporation.

SUBTRACTION MODIFICATIONS - ENTERPRISE AND FOREIGN TRADE ZONES

IT 97-0016-PLR 07/22/1997 Private Letter Ruling: Under the circumstances described dividends paid by the taxpayer will qualify for the Enterprise Zone dividend subtraction.

IT 97-0062-GIL 07/10/1997 General Information Letter: Section 203(b)(2)(M) of the Illinois Income Tax Act provides that a financial organization may take a subtraction modification for that portion of the interest income from a loan that is secured by property that is eligible for the Enterprise Zone Investment Credit.

IT 97-0066-GIL 07/29/1997 General Information Letter: Discussion of the requirements of IITA Section 203(b)(2)(N) which allows a corporation to deduct "two times any contribution" made to a qualifying Enterprise Zone organization.

IT 97-0078-GIL 09/17/1997 General Information Letter: Correction of general information letter IL 97-0062-GIL.

SUBTRACTION MODIFICATIONS - QUALIFIED PENSION PLANS

IT 97-0076-GIL 08/27/1997 General Information Letter: State

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC INFORMATION

1997 THIRD QUARTER SUNSHINE INDEX

withholding is not required with respect to amounts received under qualified pension plans.

TAXABLE YEAR

IT 97-0073-GIL 08/20/1997 General Information Letter: A taxpayer's Illinois tax year is the same as its federal taxable year. IITA Section 1501(a)(23) defines taxable year as "the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the base income is computed under this Act."

WITHHOLDING - OTHER RULINGS

IT 97-0059-GIL 07/07/1997 General Information Letter: Section 701(b) of the Illinois Income Tax Act provides that any payment (including compensation) to a resident by a payor maintaining an office or transacting business in this state and on which withholding is required by the provisions of the Internal Revenue shall be deemed to be compensation paid in this State.

T 97-0065-GIL 07/24/1997 General Information Letter: Section 701(a) of the Illinois Income Tax Act provides that if withholding is required for federal income tax purposes, it will also be required for Illinois income tax purposes.

DEPARTMENT OF PUBLIC HEALTH

NOTICE OF PUBLIC HEARING ON PROPOSED AMENDMENTS

- 1) Heading of the Part: Illinois Water Well Pump Installation Code
- 2) Code Citation: 77 Ill. Adm. Code 925
- 3) Register Citation to Notice of Proposed Rules: 21 Ill. Reg. 5073 (April 25, 1997)
- 4) Dates, Times and Locations of Public Hearings:
January 6, 1998
10:30 a.m. to 12:30 p.m.
Illinois Department of Public Health
4th Floor Conference Room
525 W. Jefferson
Springfield, Illinois 62761
- 5) Other Pertinent Information: The hearing will be held for the sole purpose of gathering public comment on the proposed amendments. Persons interested in presenting testimony at this hearing are advised that the Department will adhere to the following procedures in the conduct of the hearing:

1. Each person presenting oral testimony shall provide to the hearing officer a written (preferably typed) copy of such testimony at the time the oral testimony is presented.
2. No person will be recognized to speak for a second time until all persons wishing to testify have done so. All testimony shall conclude at the specific times except that an individual in the midst of presenting testimony shall be allowed to complete his/her testimony.
3. In order to provide for a balanced presentation of views and to facilitate the orderly conduct of the hearing, the Hearing Office may impose such other rules of procedure, including the order of call of witnesses, as he/she deems necessary.

- 6) Name and Address of Agency Contact Person: Questions regarding these proposed amendments or the public hearing shall be directed to:

Gail M. DeVito
Administrative Rules Coordinator
Illinois Department of Public Health
535 West Jefferson Street, Fifth Floor
Springfield, IL 62761
(217) 782-2043

DEPARTMENT OF THE LOTTERY

JANUARY 1998 REGULATORY AGENDA

- a) Part(s) (Heading and Code Citation): Lottery (General), 11 Ill. Adm. Code 1770
- 1) Rulemaking:
 - A) Description: The Department anticipates rulemaking to reflect a reassignment of duties within the Financial Accounting Division with respect to delinquent financial obligations of Lottery agents; detail other security deposit options available to prospective agents, given the high cost and difficulty of obtaining surety bonds; and provide for a cash prize in the Lotto game, rather than an annuitized prize. The Department may additionally clarify the method of payment for guaranteed minimum prizes when a prize for life winner passes away before receiving the guaranteed minimum amount, and afford previous grand prize winners the option of liquidating their remaining prizes within a specified period of time, provided there will be no adverse tax consequences to those who elect not to liquidate, and provided that any annuity contract funding the prize permits early liquidation.
 - B) Statutory Authority: Sections 7.1 and 7.2 of the Illinois Lottery Law.
 - C) Scheduled meeting/hearing date: No meetings or hearings are scheduled.
 - D) Date agency anticipates First Notice: January 1998.
 - E) Affect on small business, small municipalities or not for profit corporations: Small businesses, small municipalities and not for profit corporations will be affected by the rulemaking only if such entities hold or apply for a Lottery license. The contemplated rulemaking will impose no additional reporting obligations upon these entities.
 - F) Agency contact person for information:
Name: Lisa A. Crites
Address: Illinois Lottery
201 E. Madison
Springfield, IL 62702
Telephone: 217/524-5253
 - G) Related rulemakings and other pertinent information: There are presently no related rulemakings, although the agency anticipates filing an emergency amendment with respect to the change in Lotto game prize payouts.

ILLINOIS REGISTER
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(CITY, STATE, ZIP CODE AND TELEPHONE #)

MAIL TO:

OR FAX: (217) 854-0308

GEORGE H. RYAN
SECRETARY OF STATE
INDEX DEPARTMENT
111 E. MONROE
SPRINGFIELD, IL 62756

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